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**1 February 1985**

## **Southeast Asia Report**



**FOREIGN BROADCAST INFORMATION SERVICE**

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1 February 1985

## SOUTHEAST ASIA REPORT

## CONTENTS

## AUSTRALIA

|   |    |
|---|----|
| Writer Analyzes Election Campaign Results<br>(Frank Knopfelmacher; THE AGE, 13 Dec 84).....       | 1  |
| Editorial Analyzes USACDA Official's Visit<br>(THE SYDNEY MORNING HERALD, 13 Dec 84).....         | 5  |
| Senator Urges Asia Inclusion in CER<br>(THE NEW ZEALAND HERALD, 6 Dec 84).....                    | 7  |
| Auto Link to CER Boosts Trade<br>(THE AGE, 13 Dec 84).....  | 8  |
| Bank of China Plans To Compete in Sydney<br>(Mark Baker; THE AGE, 14 Dec 84).....                 | 9  |
| Industry Report Warns of Dwindling Oil Reserves<br>(Tim Allerton; THE AUSTRALIAN, 14 Dec 84)..... | 10 |
| Asian Coal Markets Lost by Railroad Strike<br>(THE AUSTRALIAN, 15-16 Dec 84).....                 | 12 |
| ROK, Japan Switch, by Alan Goodall<br>Editorial Criticizes Strike                                 |    |
| New Minister Emphasizes Self-Reliance in Defense<br>(Ross Peake; THE AUSTRALIAN, 13 Dec 84).....  | 14 |

## BURMA

|   |    |
|---|----|
| Country's Economic Situation Reviewed<br>(Voice of the People of Burma, 12 Jan 85)..... | 16 |
|---|----|

|  |  |    |
|--|--|----|
| Briefs   |  |    |
| Battle Report From Shan State  |  | 19 |
| CAMBODIA   |  |    |
| National Day Greetings From Bulgaria, Cuba, GDR<br>(SPK, 12 Jan 85).....                           |  | 20 |
| MPR, Afghan Greetings to PRK's Heng Samrin<br>(SPK, 16 Jan 85).....                                |  | 22 |
| Briefs   |  |    |
| Indian Leaders Send Greetings  |  | 23 |
| INDONESIA  |  |    |
| Eruption of Dissension in PPP Reported<br>(Various sources, various dates).....                    |  | 24 |
| Party Declaration Urged  |  |    |
| Justification Demand   |  |    |
| Recall From DPR Demanded   |  |    |
| Syarifuddin, Achda Statement   |  |    |
| Syarifuddin Blamed for Problems  |  |    |
| Resignation Demanded   |  |    |
| More on New Rift in Development Union Party<br>(PELITA, various dates; MERDEKA, 7, 10 Dec 84)..... |  | 31 |
| Call for Party Discipline  |  |    |
| Syarifuddin Says Congress Failed   |  |    |
| Action Sought Against Syarifuddin  |  |    |
| Syarifuddin's Charges Rebutted   |  |    |
| Syarifuddin Wants Special Congress   |  |    |
| Islamic Union Suspends Syarifuddin   |  |    |
| Problems of Transmigration in East Kalimantan Discussed<br>(PELITA, 29 Nov 84).....                |  | 40 |
| Mokhtar on SRV Vietnamization of Cambodia<br>(THE JAKARTA POST, 12 Jan 85).....                    |  | 42 |
| Parliament Member Warns on Trade With China<br>(AFP, 16 Jan 85).....                               |  | 43 |
| Minister Discusses Business Slump<br>(KOMPAS, 28 Nov 84).....                                      |  | 44 |
| Some Companies Suspend Production Due to Slump<br>(SINAR HARAPAN, 28 Nov 84).....                  |  | 46 |



|  |    |
|--|----|
| Pertamina May Again Have Crude Oil Refined in Singapore<br>(SURABAYA POST, 29 Nov 84)..... | 47 |
|--|----|

|  |    |
|--|----|
| General Concerns About Future Middle-Ranking Officer Shortage<br>(SINAR HARAPAN, 30 Nov 84)..... | 49 |
|--|----|

|                             |    |
|-----------------------------|----|
| Briefs                      |    |
| Krakatau Steel Losing Money | 51 |

## LAOS

|                                      |    |
|--------------------------------------|----|
| Briefs                               |    |
| Bulgarian Cultural Delegation Visits | 52 |
| Bulgarian Delegation's Departure     | 52 |
| FRC Aid Materials                    | 52 |
| Cambodian Photo Exhibition           | 52 |
| Schools With SRV Assistance          | 53 |
| Construction Projects in 1984        | 53 |
| Roads, Bridges in Khammouane         | 53 |

## MALAYSIA

|   |    |
|---|----|
| Iran Denies Aiding Malay Political Parties<br>(SARAWAK TRIBUNE, 10 Dec 84).....                                 | 54 |
| Editorial Notes Communist Failure Among Malays<br>(SARAWAK TRIBUNE, 7 Dec 84).....                              | 55 |
| Government Moves To Boost Population Growth<br>(Khalid Jaafar; BUSINESS TIMES, 7 Dec 84).....                   | 56 |
| Government To Monitor Iranian Militants<br>(Nor Hawa Yunus, Sabry Sharif; NEW STRAITS TIMES,<br>12 Dec 84)..... | 57 |
| Libya Offered Technical Knowhow<br>(BUSINESS TIMES, 13 Dec 84).....   | 59 |
| Joint Call With Libya for South-South Cooperation<br>(BUSINESS TIMES, 13 Dec 84).....                           | 60 |
| Joint Firm To Boost Trade With Libya<br>(BUSINESS TIMES, 12 Dec 84).....  | 61 |
| Joint Projects Signed With Cairo<br>(BUSINESS TIMES, 13 Dec 84).....  | 62 |
| Saudi Wood Purchases Up<br>(Hamidah Hamid; BUSINESS TIMES, 14 Dec 84).....                                      | 63 |

|   |    |
|---|----|
| Oil Reserves Up With New Discoveries<br>(NEW STRAITS TIMES, 15 Dec 84)..... | 65 |
|---|----|

#### Briefs

|                                  |    |
|----------------------------------|----|
| Trade Surplus With Philippines   | 66 |
| Trade Deficit Decreased          | 66 |
| Incentive for Foreign Investment | 66 |
| Military Agency Privatized       | 66 |
| New Thai Ambassador              | 67 |
| Vigilante Corps Scheme           | 67 |

#### NEW ZEALAND

|  |    |
|--|----|
| Australia Cabinet Changes May Favor Wellington<br>(THE NEW ZEALAND HERALD, 12 Dec 84)..... | 68 |
|--|----|

|  |    |
|--|----|
| Opposition Leader Predicts 17-Percent Inflation<br>(THE PRESS, 13 Dec 84)..... | 69 |
|--|----|

|   |    |
|---|----|
| Government Holds Firm on Money Policy<br>(THE NEW ZEALAND HERALD, 15 Dec 84)..... | 70 |
|---|----|

|  |    |
|--|----|
| Car Industry Responds Favorably to Government Plan<br>(THE NEW ZEALAND HERALD, 13 Dec 84)..... | 72 |
|--|----|

|  |    |
|--|----|
| Editorial Lauds EEC Butter Reversal<br>(THE PRESS, 15 Dec 84)..... | 74 |
|--|----|

#### Briefs

|                                |    |
|--------------------------------|----|
| Swedish Daily Interviews Lange | 76 |
|--------------------------------|----|

#### PHILIPPINES

|   |    |
|---|----|
| Reportage on 1-4 December 1984 WPC Meeting in Manila<br>(Various sources, various dates)..... | 77 |
|---|----|

Bigornia Criticizes WPC, by Jesus Bigornia  
PRAVDA Report, by L. Kuznetsov  
Distancing From U.S. Seen, by Yuri Lugovskoi

|  |    |
|--|----|
| Former Official Urges Marcos To Dissolve Parliament<br>(Rod Villa, BULLETIN TODAY, 12 Dec 84)..... | 80 |
|--|----|

|  |    |
|--|----|
| Provincial Daily Views Yniguez Wit, Candor<br>(Gil Abarico; THE MINDANAO DAILY MIRROR, 12 Dec 84)..... | 81 |
|--|----|

|  |    |
|--|----|
| Davao Archbishop, RUC XI Commander Hold Talks<br>(THE MINDANAO DAILY MIRROR, 12 Dec 84)..... | 83 |
|--|----|

|  |    |
|--|----|
| Davao Strikers' Slogans Invoke 'Red Army', NPA, NDF<br>(THE MINDANAO DAILY MIRROR, 12 Dec 84)..... | 84 |
|--|----|

|  |    |
|--|----|
| Board of Investments Report Shows Ups, Downs<br>(Arleen C. Chipongian; PHILIPPINES DAILY EXPRESS,<br>12 Dec 84)..... | 36 |
| PRC Emerges as Oil Supplier<br>(BULLETIN TODAY, 12 Dec 84).....  | 88 |
| Sugar Commission Confirms Output Fall<br>(J. C. Concepcion; PHILIPPINES DAILY EXPRESS, 13 Dec 84)....                | 89 |
| Northern Luzon NPA Encounters Take Six Lives<br>(PHILIPPINES DAILY EXPRESS, 13 Dec 84).....                          | 90 |
| 1984 Coconut Export Earnings Up Over Last Year<br>(J. C. Concepcion; BULLETIN TODAY, 13 Dec 84).....                 | 92 |
| More Clashes With NPA, Deaths Reported<br>(Isidro M. Roman; BULLETIN TODAY, 13 Dec 84).....                          | 93 |
| Davao del Norte NPA Clash Kills 19<br>(THE MINDANAO DAILY MIRROR, 13 Dec 84).....                                    | 94 |
| Davao Bank Manager Arrested for NPA Connections<br>(PEOPLE'S DAILY FORUM, 13 Dec 84).....                            | 95 |
| Radio Veritas on Program to Honor 'Victims of Oppression'<br>(Radio Veritas, 17 Jan 85).....                         | 97 |
| Briefs<br>Commission Chairman, Deputy Justice Minister   | 98 |

#### THAILAND

|  |     |
|--|-----|
| Chit Fund Operations Described, Countermoves Noted<br>(THE NEW ZEALAND HERALD, 14 Dec 84)..... | 99  |
| Government Support To Finance Firms<br>(THE NATION REVIEW, 27 Dec 84).....                     | 101 |
| Export Promotion, Industrial Production Discussed<br>(THE NATION REVIEW, 1 Jan 85).....        | 102 |

#### VIETNAM

#### INTERNATIONAL RELATIONS, TRADE AND AID

|  |     |
|--|-----|
| Hanoi Urges PRC To Stop 'Crimes' in Border Area<br>(Hanoi International Service, 17 Jan 85)..... | 105 |
|--|-----|

|   |     |
|---|-----|
| Hanoi English on PRC 'Acts of War Escalation' |     |
| (Hanoi International Service, 17 Jan 85)..... | 107 |

#### Briefs

|   |     |
|---|-----|
| Yugoslav Flood Relief                         | 109 |
| CDR Journalists Delegation                    | 109 |
| Indian Books Presented                        | 109 |
| Province Doubles Export Value                 | 109 |
| NHAN DAN Criticizes Thailand's Unfriendliness | 109 |
| PRC Threat                                    | 110 |

#### PARTY ACTIVITIES AND GOVERNMENT

|   |     |
|---|-----|
| NHAN DAN on Grassroots Party Militancy              |     |
| (Editorial; Hanoi Domestic Service, 10 Jan 85)..... | 111 |
| Do Muoi Attends Engineering, Metals Conference      |     |
| (Hanoi Domestic Service, 12 Jan 85).....            | 114 |
| Pham Van Dong Meets With Intellectuals, Artists     |     |
| (Hanoi Domestic Service, 13 Jan 85).....            | 115 |

#### AGRICULTURE

#### Briefs

|                         |     |
|-------------------------|-----|
| Ben Tre Food Production | 117 |
|-------------------------|-----|

AUSTRALIA

WRITER ANALYZES ELECTION CAMPAIGN RESULTS

Melbourne THE AGE in English 13 Dec 84 p 13

[News Analysis by Frank Knopfelmacher: "Hawke Still Facing an Unholy Alliance"]

[text] AUSTRALIAN elections are not momentous affairs for us and for the world because fundamental decisions of any kind are not made in this country. This applies to all elements of statecraft to strategy, to cultural change, and to the economy.

The election of the Whitlam Government of 1972-75 is sometimes quoted as an example to the country, eg, by Donald Horne. This judgment is attributable to an optical illusion, which commonly occurs when a political demagogue associates himself, more or less fortuitously, with a major cultural change which would have come about in any case.

The cultural change was the sudden collapse, after years of internal erosion, of the only genuinely conservative movement this country has ever known: the NCC-DLP complex.

Its political influence held up, even if it could not prevent, the full extension into Australia, of cultural modernity, associated with such things as sexual and gender "liberation", the decline of familism, unwillingness to fight in wars, and, generally the rest of what John Carroll calls the remissive culture.

Whether this development was a good or bad thing is not for a newspaper columnist to judge and for a social scientist to moralise about.

Since the carrier of Australia's only conservative movement was the Irish-Catholic constituent of the nation, the collapse must be sought in alterations within that constituent.

There were predominantly two: the theological ravages of Vatican II and the rapid upward social mobility of the Irish-Australians. It is notable that even in this case, the causation was largely induced from abroad (Vatican II).

The Whitlam regime thus became the political superstructure of a flood of cultural modernism, formulated, as most other things Australian, abroad. For even the manner and style of Australia's occasional rebellions against the "colonial cringe" are actual examples of it.

Geopolitically, Australia is an anglomorph enclave in an increasingly turbulent and unpredictable alien milieu. It is wealthy in mineral and strategic resources which makes it a tempting prey and is effectively indefensible by its own efforts for both material and psychological reasons.

Its security rests on membership of an America-led defensive alliance against the Soviet Union of which it is a severely undercontributing member.

The lack of geopolitical consciousness of the population is attributable to isolation-cum-distance which have acted hitherto as a protective shield against real experience of clear and present dangers of the kind which formed the consciousness, say, of the founders of modern Israel, and which marked the situation in England in the crucial years of 1940-41, when the people of Britain saved the world.

That offensive and misleading movies should be concocted in this country just now about this most heroic period in British history is, presumably, not quite coincidental.

The effective military severance, in 1942, of Australia from its "resource country" has left a permanent "hole on the top" in Australia's body politic.

Like Germany after the demise of Bismarck, although for different reasons, Australia lacks a class of people from which self-confident rulers can be recruited. People of great talent who abound here, as 30 years of university teaching have convinced me, do not seem to choose politics and related professions (eg, the social sciences) as their vocation, particularly not on the LNP Right. For the function of compradors does not seem to attract the best and the brightest.

Of the available talent Mr Hawke showed the greatest potential. Power brought out the best in him. It acted on him not as a drug of addiction but as a restorative nutrient.

It was evident from the day of his election as Prime Minister that he had to face an unholy alliance of enemies: the Socialist Left and its allies in the media on one flank, and the LNP coalition on the other, with plenty of traffic in anti-Hawke dirt going on between the two.

The object of the campaign was to destroy Mr Hawke personally by an unrelenting campaign of personal defamation and harrassment. Throughout the campaign, it was the LNP coalition which went beyond the limits of perfidy, differentiating the machiavellian politician from the mere political adventurer. For one cannot really blame Marxist-Leninists or their sympathisers for hating their natural and only effective enemy--the social democrat.



The conduct throughout the Combe-Ivanov affair, the Indo-Chinese immigrant "debate", and, finally, the phone tapping incident sprung on Mr Hawke virtually at the eve of polling date, have not only "de-authorised" it for the future, but have to some extent disqualified its alleged achievements retroactively, dating back to the Labor split. The LNP has also added a new unattractive animal to our political zoo, by its exploitation of the AIDS problem: the political vampire, battenning on the blood of the sick and the deviate.

The situation cannot be cured by a change in personnel--if anything Mr Peacock showed distinct evidence of personal unease whenever his colleagues issued invitations to visit the nether regions of the gutter. Individuals do not really matter in all this. It is a question of social types and social strata, whose "British" rules of seemliness are vanishing and whose values are restricted solely to privilege and money (they call it "monetarism") without a trace of "toryism" or noblesse oblige.

The Anglo-colonial patriciate of Australia is being replaced by a banana-republic lumpenbourgeoisie, without style, loyalty or courage, and entirely without moral guidelines.

Mr Hawke's pyrrhic victory of 1 December shows that the joint LNP-SL campaign has partly succeeded, for Mr Hawke's most urgent problem--the effective containment of the destructive Left within his own party--will from now on be much more difficult.

I for one have never accepted the dangerous nonsense that Mr Hawke's power is predominantly charismatic, in the precise technical sense given to the world by Max Weber. Mr Hawke's gift is not to dispense "grace" but good sense.

His support does not come from besotted "followers" but from highly critical allies and essentially prudent and sceptical friends. He has a capacity of impressing sensible, non-deprived, and comfortable people, and he can articulate what they stand for.

His appeal is, therefore, predominantly to the non-poor, non frustrated majority of the Australian nation, his explicit message is consensus and stability, and the implicit one--to hold and to defend what we have. His dread of extra-legal and "magic" gimmicks is well-known.

All these are the hallmarks of legal-rational rather than charismatic leadership. The fact that he is a good and cutting debater on his feet and that he emanates pride in solid achievements by hard work rather than humility are, again, utterly counter-charismatic features.

It seems that by "charisma" some journalists mean coherence, sense of purpose, proper pride, and the utilisation of personal charm, qualities much nearer to what Max Weber called "The Protestant Ethic".

Will Mr Hawke survive, psychologically and politically, the present rebuff?

The Socialist Left and its mouths in the media will consolidate and extend their pressure-devices. The politically not-quite-late Dr Cairns has already suggested before polling day the formation of a fully fledged "green" party, on an extra-parliamentary basis. The Left intelligentsia, which hates Mr Hawke more than any other politician I can remember in Australia, has now smelled blood and will make itself even more fully available to the banana-skin producers in the media.

The events in New Caledonia, the Philippines, New Guinea, possibly Indonesia, with a growing unwillingness of America to continue helping those too slothful to help themselves, quite apart from US priorities in Central America and in the Middle East, point to a possibly worsening military situation, requiring strong, intelligent leadership and a man up front who not only understands the politico-military variables, but whose concern for the defence of the open society is both paramount and beyond question.

Such a man is Mr Hawke and the dangers of New Zealandisation have increased manifold in a situation where he can be paralysed or toppled. Our slightly better participation in the shaping of our own future may have been thwarted by the partly freakish misfortune of an ambiguous election.

Envy, the vice not of the poor but of the fellow affluents in egalitarian societies such as ours, will again shape our political climate, as it did since Mr Whitlam's misperceived "cultural revolution".

Which means that in all but unpredictable trivialities our next three years will again be shaped entirely from abroad.

CSO: 4200/376



AUSTRALIA

EDITORIAL ANALYZES USACDA OFFICIAL'S VISIT

Sydney THE SYDNEY MORNING HERALD in English 13 Dec 84 p 8

[Editorial: "The Politics of Arms Control"]

[Text]

LAST WEEK'S visit by Mr David Emery, Director of the US Arms Control and Disarmament Agency, was low key in style. But Mr Emery's message, conveyed with considerable diplomatic skill and with refreshing intellectual clarity, makes two things quite clear. The first is that for all its NDP-oriented posturing over nuclear disarmament, the Hawke Government will not have any influence on nuclear arms-control talks between the superpowers in January or at any other time. The second is that Mr Hayden's earlier threats that Australia might move to use the US facilities at North-West Cape and central Australia as "bargaining chips" to obtain nuclear arms-control concessions from the US are empty threats and no more. There is no way in which the facilities could be used as bargaining chips without endangering the alliance fatally. Moreover, two of them undoubtedly have a deterrent monitoring capability. The US made its position crystal clear in its demarche, delivered to the Prime Minister's Department last week, referring to Australia's support in UN organisa-

tions for a CTB (Comprehensive Test Ban Treaty). A demarche is only a formal proceeding or statement of position, but as such it made the US position perfectly plain.

In the first place, the US maintains it—must close the nuclear weapons capability gap between itself and the USSR. In the second, it maintains that because verification procedures for monitoring underground nuclear explosions are still inadequate a CTB, for which Australia calls, is still a long way off. Maybe so. Many nuclear experts reject the US position on both issues, believing the alleged gap is illusory and believing adequate verification procedures for an effective CTB already exist in the form of a global network of seismic monitoring stations. While this may be true it is nevertheless the US — especially its Senate — and the USSR, and its military complex, which have to make these strategically and technologically complex decisions, not Australia. And that is exactly what Mr Emery came here to tell us.

There is no doubt that the

Hawke Government has cause for electoral concern over the rapid growth of anti-nuclear sentiment here. But in his grandstanding on the issue Mr Hawke clearly never thought the situation through. Mr Emery has. The first thing he did was to puncture any illusions, whether harboured by the Australian Government or NDP supporters, on US support for a nuclear-free South Pacific. The US, he said, would accept establishment of such a zone provided it allowed for innocent passage of US ships and planes which might be nuclear-armed. The US will not identify them any more than the USSR will identify its own nuclear-armed ships or aircraft. Mr Emery made it very clear that if any South Pacific nation was opposed to the peaceful passage of US ships which might be nuclear-armed, the US would not become involved in even a limited nuclear free zone. This is a clear warning to New Zealand to rethink its ban on visits by US nuclear-armed ships. But his most urgent message requests Australia and particularly New Zealand to realise that in the US view their present nuclear policies are weakening ANZUS and, because of that, strengthening the Soviet Union's capacity to stall on arms reduction talks. This is special pleading with a vengeance but cannot be entirely dismissed.

CSO: 4200/376

AUSTRALIA

SENATOR URGES ASIA INCLUSION IN CER

Auckland THE NEW ZEALAND HERALD in English 6 Dec 84 p 1

[Text]

A senior Australian opposition senator yesterday called for the closer economic relations agreement with New Zealand to be widened to include Korea and Indonesia.

Senator Brian Archer, a former chairman of the Senate trade and commerce committee said a trade initiative was needed to counter a major threat to Australia's Asian markets.

He said he totally supported calls by the National Farmers' Federation for a decisive step to stop American and EEC exporters from progressively locking Australia out of its traditional Pacific basin markets.

"Gathering other trading partners into CER will take time and much negotiation

..." Senator Archer said.

"Of course such negotiations mean that each country has to yield to receive, and the sooner we get into discussion with Indonesia and Korea and receive from them their ideas the better we will all be."

The Liberal Party senator said that if Australia did not revise its trading arrangements in the face of increasing world surpluses it would be left in the cold.

His proposal to expand CER coincided with the release of official statistics yesterday showing a big jump in the value of Australian exports to New Zealand.

Goods worth \$A1.42 billion were consigned in 1983-84, and increase over the previous year of more than \$A226 million.

CSO: 4200/376

AUSTRALIA

AUTO LINK TO CER BOOSTS TRADE

Melbourne THE AGE in English 13 Dec 84 p 23

[Text]

Increased trade in motor vehicles and components will take place between Australia and New Zealand under new arrangements announced by the Federal Government yesterday.

The Minister for Trade, Mr Bowen, and Minister for Industry and Commerce, Senator Button, said yesterday that the vehicle industry had been brought under the umbrella of the Closer Economic Relations agreement between the two countries.

The move will increase trade and allow easier entry for manufacturers.

Completely knocked down (CKD) vehicle units produced in Australia will be able to enter NZ free of import duty after the NZ motor vehicle plan starts in January. Duty was formerly 6.25 per cent.

A 35 per cent margin of duty preference enjoyed by Australia for entry to NZ will also be slowly scaled down rather than the rapid phase-down under the previous arrangements.

Mr Bowen and Senator Button said the previous arrangements

were likely to have resulted in the elimination of a significant amount of Australian trade in CKD packs.

"However (the) slower rate of reduction . . . will provide the Australian industry with an opportunity to increase its competitiveness in the NZ market before the margin of preferences reduces to a low level," the Ministers said.

A virtual barrier to Australian-manufactured components has also been relaxed and imports of local components by NZ will now be allowed, albeit at a high tariff rate.

The NZ motor vehicle plan also provides for a considerable expansion of exports of completely built up (CBU) vehicles from Australia.

In return, NZ manufacturers have been granted access to the local content plan for \$15.3 million of NZ components.

Motor vehicle imports from NZ within quota will have a 37.5 per cent import duty preference under the new arrangements — down from the nominal duty rate of 57.5 per cent.

CSO: 4200/376

AUSTRALIA

# BANK OF CHINA PLANS TO COMPETE IN SYDNEY

Melbourne THE AGE in English 14 Dec 84 p 19

[Article by Mark Baker]

[Text]

The Bank of China plans to compete with Australian banks for savings deposits and other domestic business when it begins operations in Sydney in the new year.

The general manager of the bank's foreign exchange department, Mr Chen Zhenlai, said he expected its licence would convey the same operating freedoms that Australian banks enjoyed.

The bank planned to attract the business of Chinese living in Australia, in deposits, remittances to relatives in China and assistance for investment in China, he said. But there was an agreement in principle with the Australian Government that the Bank of China would concentrate on servicing trade and investment between the two countries.

Mr Chen and the bank's president, Mr Jin Deqin, returned recently from a visit to Australia, during which they discussed the licence issue with Treasury and the Reserve Bank.

The Prime Minister, Mr Hawke, had assured the delegation of the Government's commitment to restore the licence first granted to the Bank of China in 1942, Mr Chen said.

After the communist revolution in 1949 the licence was kept by the Nationalist Chinese Government of Taiwan, which renamed the Sydney office as the International Commercial Bank of China. The office closed in 1972 when the Whitlam Government recognised Peking.

Mr Chen said the Australian Government had accepted the historical claim of the Bank of China to the licence. It would have a different status to the licences to be granted to other foreign banks to establish subsidiaries in Australia.

"The Australian side didn't raise any issues of limits and we expect the licence to be very flexible," Mr Chen said. "What other banks in Australia do, we expect the Bank of China to be able to do. Both sides agreed in Canberra that the Bank of China's operation would be that of a full-ranging branch bank."

He expected remaining formalities would be completed soon and that the Sydney office would open in February. It was likely that the branch offices would open later in Melbourne and other cities.

AUSTRALIA

INDUSTRY REPORT WARNS OF DWINDLING OIL RESERVES

Sydney THE AUSTRALIAN in English 14 Dec 84 p 13

[Article by Tim Allerton]

[Text] AUSTRALIA is becoming less self-sufficient in oil and faces future balance of payments problems, according to a major report prepared by Esso Australia Ltd.

Esso says the outlook for Australia's balance of payments surplus from energy exports such as coal, uranium and gas "are now lower than previously expected because of increased alternative sources of supply and lower estimates of future world energy demand".

The petroleum company says the production for existing oil discoveries has almost peaked, making the country 85 per cent self-sufficient, but the level could fall to 65 per cent by 1990 and to less than 20 per cent by 2000 if no new major reserves are found.

In the past 10 years Australia has consumed about three times as much oil as explorers have been able to find, a problem which will worsen in the next 20 years if no new major discoveries are made.

The present peak of production is a result of an increase in the amount of indigenous oil used in Australia, the allowance of small but important export trade and an "excellent" industrial relations record during the past two years".

In its fourth Australian Energy Outlook, Esso says seismic activity in Australia has declined from the high point in 1982, which is likely to lead to a downturn in drilling activity next year.

As a result "insufficient oil discoveries are being made to replace present consumption", the report says.

"Unless this trend is arrested and a vigorous exploration industry maintained, Australia is unlikely to discover and develop sufficient new supplies of oil to prevent a serious decline in oil production and self-sufficiency in the late 1980s."

Director of Esso Mr Stuart McGill said yesterday that the Federal Government's energy policies played a "vital factor in the development of the industry", adding that "tax levels here are now high by any standards and further charges would downgrade predictions even further".

#### Demand

He said the majority of Australian production was centred on light cruded oil where world demand was "soft" and there would be a great need to continue importing heavier crude.

The report says local demand for oil supplies is likely to grow at a rate of 2.4 per cent a year for the rest of the decade and just more than 2 per cent in the 1990s, while growth in other western countries will be just less than 1 per cent.

Conventional crude oil's share of the total demand for energy in Australia is expected to fall from 41 per cent in 1983 to 35 per cent in 1990 and 29 per cent in 2000.

"While oil's share will fall in volume terms, demand for oil is expected to grow at a low rate of 0.1 per cent a year," the report says.

There are now 2.1 billion barrels of known recoverable oil in Australia, but by the year 2000 Esso estimates that the country will have used 3.7 billion barrels.

The high usage is based on the almost total dependence of transport on oil-based liquids and because the company does not see any significant alternative to keep the automotive industry moving.

Esso has also retreated from its earlier predictions that synthetic fuels will come onstream this decade, now predicting they would be here by the mid-1990s and contributing about 35,000 barrels a day in the year 2000, boosting Australia's self-sufficiency by almost 6 per cent to 65 per cent.

But the company is still confident explorers will find more oil, even though Australia's oil prospectivity is low by world standards.

But the fact remains that Australia will still need to import "significant amounts of oil", which is a reason why the company has complained to the Federal Government about the Resource Rent Tax--an additional tax on oil exploration.

The report predicts that the total value of Australian energy exports will more than triple during the next 16 years from \$4.4 billion to \$14 billion, in present currency values.

"Australia's relatively secure and low-cost resources of coal, uranium and natural gas will enable energy exports to increase very substantially over the next 16 years."



AUSTRALIA

ASIAN COAL MARKETS LOST BY RAILROAD STRIKE

ROK, Japan Switch

Sydney THE AUSTRALIAN in English 15-16 Dec 84 p 23

[Article by Alan Goodall]

[Text]

THE first of multi-million dollar export income losses began hitting Australia yesterday as east Asian coal buyers announced plans to divert orders from strike-bound Newcastle to other coal exporting countries.

South Korea offered the first coal order diversion to South Africa, despite the South Korean Government's policy against buying from the apartheid country.

Japanese steelmakers expressed "extreme disappointment" at a 23-strong armada of waiting coal vessels and hinted they would delay the setting of 1985 prices for Hunter Valley soft coking coal.

China Light and Power Co, which first diverted from Australia in the 1981 Newcastle strikes, has yet to announce whether it will switch more purchases to South Africa's better performing port, Richards Bay.

The reaction follows a decision by striking northern NSW train drivers not to resume coal deliveries to Newcastle and to stay out at least until next Thursday. They went out on November 28.

The Hunter Valley coal industry's plight was described by mining executives as "disastrous, with worse to come".

The 14 major shippers face a total demurrage bill of \$15 million as unmoved coal stockpiles at pitheads. One medium-sized mine already has a demurrage bill of \$800,000.

The Australian Coal Association was unavailable for comment yesterday. All executives were reported to be attending a staff Christmas picnic.

A temporary switchboard operator at the association's Sydney office said: "So many people have been ringing all day."

But at Australia's major coal port, mining executives were totting up the loss in Australia's export earnings. Coal is Australia's biggest export, worth \$3 billion a year.

They agreed the major loss would not be known for months. By then, traditional east Asian markets and new buyers in the Middle East and Europe would have advised if they would stick with Australia and risk delivery delays or switch to South Africa and Canada.

The Newcastle blockage worsened yesterday as 24 ships queued outside the Hunter River mouth. Only one-third of normal coal deliveries were reaching the port's loaders.

The Newcastle group of seven coal producers, due to re-open crucial price talks in



Tokyo on January 16, was told to expect tough resistance from angry Japanese steelmakers.

A leading trade paper, Japan Echo, reported yesterday the mills suspected Australia of intentionally delaying a strike solution. Mill negotiators, the paper claimed, would wait and see before negotiating.

A group of Japanese buyers were shocked to see this week's stopwork meetings of miners. Mining unions had stopped work to review the situation.

Mining companies fear the unions will order at least three stoppages immediately the train drivers' strike ends.

This would mean the huge uncleared stockpile would take longer than the forecasted two months to clear.

The chairman of Newcastle Coal Exporting Producers Association, Mr Bob Humphris, said the road-only trans-

port emergency was learning to cope and could lift deliveries to 40,000 tonnes a day, compared with optimum rail-road deliveries of 100,000 tonnes.

"But even if we get it up to 50,000 tonnes daily, the unloaded ships will still queue," he said.

Mr Humphris said no mines had yet closed and miner layoffs were being delayed in the hope that the State government and fellow unionists would prevail on the striking train drivers.

"I heard from Tokyo the mills are angry. They will still be angry as we try to renegotiate contracts.

"The Koreans are seriously considering another diversion to maintain blends to their powerhouses.

"Once customers are lost like this they are lost forever. We are all the losers."

#### Editorial Criticizes Strike

Sydney THE AUSTRALIAN in English 15-16 Dec 84 p 1

[Page One Editorial: "World's Ships Wait To Trade With Australia"]

[Text]

AN armada of ships costing a fortune to lay idle waits to trade with an Australia that has been so wealthy for so long it has ceased to worry where that wealth comes from.

This is the scene off the port of Newcastle, NSW, as 23 coal and grain ships destined for Japan, Korea and European ports wait for the officials of two unions to settle their fight for supremacy.

It is the sort of scene countless Australian delegations to Japan and other customers promised would never occur again. But it has. The Australian Council of Trade Unions promised that the lesson had been learnt. But it has not.

If we had any sense of the damage that this, and other similar strikes, do to our trading opportunities and therefore to the standard of living of ourselves, our children and our grandchildren, we would have a system that would have forcibly amalgamated the two warring railways unions responsible — or wiped them out altogether.

The tolerance of the damage that they have caused in this dispute makes a mockery of the pretensions of organised labor to care about unemployment and job prospects, especially for the young.

Look at this picture, absorb the message, and then ask whether this is the sort of Australia we want to build and hand on to future generations.

It is time that we decided that unions cannot have power without responsibility.

AUSTRALIA

## NEW MINISTER EMPHASIZES SELF-RELIANCE IN DEFENSE

Sydney THE AUSTRALIAN in English 13 Dec 84 p 3

[Article by Ross Peake]

[Text]

THE Defence Department will be told by its new Minister, Mr Kim Beazley, to completely review how it assesses Australia's defence capability.

Mr Beazley said yesterday this should be a normal procedure for a relatively new government, but made it clear that he wants to scrutinise defence procedures and to firmly lay his stamp on the huge defence bureaucracy.

Although guarded, Mr Beazley foreshadowed his intent to ensure that ALP philosophy is implemented by the department.

At the same time, Mr Beazley wants to convince the community that Australia can defend itself.

Mr Beazley will be 36 tomorrow, and is the youngest Minister for Defence since Federation. He intends to use one of his two assistant ministers to run the Department of Defence Support, which will again be amalgamated with defence.

Mr Beazley pointed out he did not believe the defence forces were deficient, but he wanted to assure himself that the way the capability was assessed, and in particular how the five-year rolling defence plan was formulated, were adequate.

"I want to satisfy myself that the way we are defining our equipment and person-

nel requirements does actually fit into the strategy of the Labor Party," he said.

"Any relatively new government with different priorities from those of its predecessor would want, after being in office for a short period of time, to assure itself of the adequacy of the direction of its policies."

Mr Beazley emphasised he was not criticising the outgoing minister for defence, Mr Scholes, for not undertaking a similar review, but said recent developments now made it necessary.

Mr Beazley said the Whitlam Labor Government began a shift in Australia's defence strategy thinking from forward defence to self-reliance.

Defence forces were being moved out of south-east Australia into the north, in line with the new strategy, he said.

However, the defence infrastructure and purchasing policies were dictated in many cases by the old strategy, he said.

Mr Beazley's task is made more difficult by a parliamentary report before the election which said Australia could put only a handful of troops into the field at short notice. He acknowledged there was still widespread community scepticism of Australia's self-reliance.

"What I would like to see at the end of this three-year

period is a high level of community confidence in the capacity of this country to defend itself, a confidence which, I might say, mirrors substantially the confidence of at least the leadership of the defence forces.

"We're really trying to move towards a situation where we can be totally confident about that ourselves. I think it is reasonable to assume that is the direction in which we are going. What I'd like to do is to both assure myself that it is, and to have the public assured."

CSO: 4200/376

BURMA

#### COUNTRY'S ECONOMIC SITUATION REVIEWED

BK131124 (Clandestine) Voice of the People of Burma in Burmese 1200 GMT  
12 Jan 85

[Unattributed "article": "Burma's Economic Situation During 1984"]

[Text] As they enter into the year 1985 the people of Burma, who have been bearing various burdens imposed on them by the military government, are likely to look back at the events of 1984. They are likely to recall the hardships they suffered and the speeches delivered during the year by the top leaders of the military clique.

The speech delivered to the officials of various organs of power in Rangoon Division by the so-called president at the Kyaikkasan Grounds in Rangoon on 20 June can be described as a summary of opinions expressed by other top leaders. He said Burma's economic situation was good and improving. Well then, can 1984 be said to be a year of improvement only? Or is there any other way to describe it? What kind of outstanding economic performance was made by the military government? Let us review the situation.

During the year, the so-called prime minister visited Australia, New Zealand, and Czechoslovakia. The deputy prime minister and minister of finance and planning visited various countries including the FRG. The so-called president visited Japan and China, while U Ne Win visited Western Europe. Other members of the military government also made trips. However, during these trips, in addition to other matters, talks were held and agreements were signed on assistance and loans by the military government. These trips showed that the top leaders of the military clique had to go abroad in a flurry to seek assistance.

An extraordinary step taken during 1984 was the establishment of a joint enterprise between the FRG's Fritz Werner and the military government's Heavy Industries Corporation. This was the first time the military government established a joint enterprise with capitalists from abroad during its 22-year-old rule. It can be said that the military government took this new bold step because its existing policies were not working.

There is a saying: If it must spill, let it spill into one's own pocket. A point to note here is that the military clique, knowing that it was about to

be exploited by foreign capitalists, decided to choose a familiar master and creditor--the company which helped set up a G-3 firearm and ammunition plant--to benefit from the deal. It is common knowledge that the venture is the result of the tour to Western Europe by the top boss of the military clique.

Another extraordinary event was the visit to Japan by the military government's so-called president during which a record amount of loans were obtained and rice produced in the country was handed over to Japan. The military government's rice was not popular in the world market and it resorted to handing over the rice to Japanese capitalists.

Furthermore, the import of oil during 1984 further impoverished the military clique which was short of foreign exchange. This reveals the true plight of the military clique which had once boasted that Burma became self-sufficient in oil during their era and that they were even able to export oil during 1978. They used to make extravagant claims about finding huge deposits of oil in Kyontani, Pagan, and the Gulf of Martaban.

The most noticeable feature of the economic situation during 1984 was rising prices and a shortage of goods. Even the official consumer price index of the military government showed a rise of 15 percent in prices during the year. Prices of goods such as rice, kerosene, and soap rose by a hundred percent. Under the good and improved economic situation claimed by the so-called president, a slice of melon in Rangoon rose to 50 pyas.

There were shortages of kerosene and rice to the extent that the blackmarketeers appeared like saviors. Why were there shortages? The shortages were due to certain basic shortages, that is, the military government was short of foreign exchange and it drew up ambitious plans it could not afford.

There are problems due to a shortage of basic raw materials, fuel, and cement. Even the Five Star Shipping Corporation could only get 40 percent of its fuel needs. It was mentioned in one of their reports that the Sedawgyi Dam project they boasted about could only get 23 percent of the oil it needed and the General Industries Corporation could only get 40 percent of the diesel fuel it needed. There are other enterprises, including the Rail Transport Corporation, which could not obtain the necessary oil, diesel, and furnace oil.

Similarly, many projects faced problems due to a shortage of cement. For example, the amount of cement supplied to the lower Burma paddy cultivation expansion scheme was 50 percent of the amount needed in 1980-81; 65 percent in 1981-82; 34 percent in the 1982-83; and 8 percent in 1983-84.

Furthermore, they could produce only 50-60 percent of essential and important materials such as kerosene, oil, diesel oil, cement, nails, and fertilizers which were needed to implement their 20-year economic plan.

So, did production decline in all sectors during 1984? Not in all sectors; there were increases in some sectors. The most noticeable increase was in the production of currency notes. In a report submitted last October to a session

of the rubber stamp People's Assembly, the so-called prime minister said in uncertain terms that measures were taken to prevent inflation and price rises although more currency notes were produced for circulation. Such assurances were also given during the March 1984 session of the rubber stamp People's Assembly.

The exchange value of kyat against the U.S. dollar was adjusted two times during the year and the kyat was devalued. The financial situation of the military government during the year can be described as dwindling the reserves of foreign exchange and gold, and increasing the amount of local currency in circulation.

The situation may be extraordinary, but the most disturbing event for the Burmese people was the emergence of rice riots. Except for the period of Japanese occupation, the price of rice reached the highest point during 1984. These were the first rice riots after 1967.

Rice riots had occurred several times under the military government in Burma, which was once the biggest rice exporter in the world. It is more remarkable that these events took place barely 1 month after the so-called State Council's secretary of the military clique said they were able to sustain the rate of economic growth.

The external trade situation during 1984 was also not encouraging. Although some Western capitalists said they have come out of the economic recession, the price of industrial goods produced by them has not come down. Hence, the military government had to curtail imports even at the expense of their projects during 1984.

On the export front, the prices of major export commodities of Burma had not gone up, especially the price of rice which was even lower than last year. At this rate, the trade deficit is likely to grow further despite assistance sought from Germany and Japan.

The military government authorities never admit their mistakes and that they are responsible for the topsy-turvy economic situation in the country. They only look for scapegoats.

Recently, they blamed the world economic situation. International economists are predicting that the world economic situation for 1985 is not very promising and that it is even moving toward economic decline. Thus, the military government's economy has no good prospect in the future and is even likely to worsen.

One thing certain is that the people should prepare themselves for the worst when the military government claims that the economic situation is improving and is good.

CSO: 4211/27



BURMA

BRIEFS

BATTLE REPORT FROM SHAN STATE--Combat news: On 14 December, an ambush conducted by a small People's Army unit on the Mu-se-Namlin Road killed three enemy soldiers and wounded four others. Combat news from the Shan State Army [SSA]: On 1 and 3 November, small SSA units launched attacks in (?Nawngton) and at a place between (Nawngton) and (Hpahkio), killing one military government mercenary and wounding two others. On 30 November, a guerrilla attack conducted by a small SSA unit at a place between (Zegi) and (?Man Pyen) killed three enemy soldiers, including a mercenary sergeant from the mercenary 33d Infantry Regiment, and wounded two others. [Text] [(Clandestine) Voice of the People of Burma in Burmese 0030 GMT 11 Jan 85 BK]

CSO: 4211/27

CAMBODIA

NATIONAL DAY GREETINGS FROM BULGARIA, CUBA, GDR

BK130955 Phnom Penh SPK in English 1141 GMT 12 Jan 85

[All quotation marks as received]

[Text] Phnom Penh SPK 12 January--Kampuchean leaders have received messages of greetings from Bulgaria, Cuba and the GDR on the occasion of the sixth Kampuchean national day (7 January).

A joint message addressed to Heng Samrin, general secretary of the People's Revolutionary Party of Kampuchea Central Committee and president of the State Council, and Hun Sen, acting premier, signed by Todor Zhivkov, general secretary of the Central Committee of the Communist Party of Bulgaria and president of the State Council, and Grisha Filipov, chairman of the Council of Ministers, says:

"The People's Republic of Bulgaria highly values the external policy of peace of the People's Republic of Kampuchea and supports the joint initiatives and the struggle of the three Indochinese countries for turning Southeast Asia into a zone of peace, stability and cooperation.

"We rejoice to see the relations between our two parties and peoples develop in conformity with the principles of Marxism-Leninism and proletarian internationalism. We are convinced that this development will be in the interests of the Bulgarian and Kampuchean peoples and for the sake of peace and socialism.

Fidel Castro Ruz, first secretary of the Central Committee of the Communist Party of Cuba and president of the State Council and of the Council of Ministers of the Republic of Cuba, in a message to "Heng Samrin and Hun Sen, said: "We note with satisfaction that the Republic of Kampuchea has over the past 6 years of historic struggle brought in great successes in the economic and social fields without neglecting the defence of the revolutionary gains.

We tie the militant and revolutionary solidarity of the Cuban people to the friendship of the other Indochinese countries with the dear People's Republic of Kampuchea and its people and we reaffirm that you can always rely on our support and sympathy."



A message from the GDR was addressed to Heng Samrin, general secretary of the People's Revolutionary Party of Kampuchea Central Committee and president of the State Council of the People's Republic of Kampuchea; Chea Sim, chairman of the National Assembly and Hun Sen, acting premier of the Council of Ministers and minister for foreign affairs. The senders--Erich Honecker, general secretary of the Central Committee of the Socialist Unity Party of Germany (SED) and chairman of the Council of State, Willi Stoph, chairman of the Council of Ministers; and Horst Sindermann, president of the People's Chamber, mainly say: "The People's Republic of Kampuchea can be proud of the great successes recorded over the past 6 years of its existence in restoring the national economy and culture, in safeguarding the revolutionary gains and building a new society.

"The GDR will continue with great effort to implement the Treaty of Friendship and Cooperation signed on 18 March, to promote the fraternal relations between our states and peoples, in the interests of peace and for the consolidation of socialism.

"We will firmly stand with the Kampuchean people and consider our active support a legitimate requirement for the international recognition of Kampuchea."

Messages of greetings have also been received from Gerhard Weiss, vice premier, and Oskar Fischer, minister for foreign affairs, of the GDR and from Isidoro Malmierca, minister for foreign affairs of Cuba.

CSO: 4200/412

CAMBODIA

MPR, AFGHAN GREETINGS TO PRK'S HENG SAMRIN

BK160627 Phnom Penh SPK in French 0404 GMT 16 Jan 85

[Text] Phnom Penh, 16 January (SPK)--On the occasion of the Sixth PRK National Day (7 January), J. Batmonh, general secretary of the Mongolian People's Revolutionary Party Central Committee and Chairman of the People's Great Hural Presidium of the Mongolian People's Republic, sent a message to Heng Samrin, general secretary of the KPRP Central Committee and chairman of the Council of State of the PRK, expressing his warmest congratulations.

After praising the Cambodian revolutionary forces which, 6 years ago, toppled the bloody regime of Pol Pot-Ieng Sary-Khieu Samphan and thus contributing to the rebirth of the Cambodian nation, the message said.

The Mongolian people sincerely rejoice over the great successes scored by the Cambodian people under the leadership of the KPRP with assistance and support from fraternal socialist countries for the defense of freedom and their revolutionary gains against the hostile attempts of external forces and in carrying out profound socio-economic transformations in the country.

The party, government, and people of the Mongolian People's Republic approve of and fully support the active efforts of the PRK in conjunction with the SRV and the LPDR to transform Southeast Asia into a zone of peace, stability, and cooperation by implementing a foreign policy of peace.

We are convinced that the bonds of fraternal friendship between our two countries will further develop and be strengthened in the spirit of the 1981 Treaty of Friendship and Cooperation between the Mongolian People's Republic and the PRK for the well being of the Mongolian and Cambodian peoples and in the interest of peace and socialism.

A message from Babrak Karmal, general secretary of the Central Committee of the People's Democratic Party of Afghanistan, to Heng Samrin, general secretary of the KPRP Central Committee, said:

I am sure that the PRK people, under the leadership of the KPRP Central Committee, will defend their national independence, territorial integrity, and sovereignty and will advance toward progress and social prosperity. I am convinced that the fraternal relations and all-round cooperation between our parties, government, and peoples will improve and develop in the common struggle against imperialism and other reactionary forces for peace and security in the world.

CAMBODIA

BRIEFS

INDIAN LEADERS SEND GREETINGS--Phnom Penh SPK 15 January--Kampuchean leaders have received greetings from India on the sixth national day of Kampuchea (7 January). The message signed by President Giani Zail Singh and addressed to President Heng Samrin, says: "On behalf of the government and people of India, I convey with great pleasure our warmest felicitations on the happy occasion of the national day of the People's Republic of Kampuchea. It is our fond hope that the existing friendly and cooperative relations between our two countries and peoples will continue to be strengthened further in the years ahead. Please accept, excellency, my best wishes for your health and happiness and for the progress and prosperity of the Kampuchean people." Prime Minister Rajiv Gandhi's message dated 6 January to the then acting Premier Hun Sen also extends best wishes on this occasion. "May the coming years bring happiness and prosperity to the people of Kampuchea," the message adds. On the same occasion Indian Minister of State for external affairs K. alam Khan [as received] has sent warmest greetings to Foreign Minister Hu Sen. [Text] [Phnom Penh SPK in English 1100 GMT 15 Jan 85 BK]

CSO: 4200/412

INDONESIA

ERUPTION OF DISSENSION IN PPP REPORTED

Party Declaration Urged

Jakarta MERDEKA in Indonesian 24 Nov 84 pp 1, 12

[Text] Jakarta, Friday [23 November]--Syarifuddin Harahap, vice chairman of the United Development Faction (FPP) in the DPR [parliament], urged the PPP DPP (United Development Party Central Executive Committee) to declare that the PPP was no longer an Islamic party.

This was proposed by Syarifuddin Harahap in a press release distributed to newsmen in parliament on Friday. He added that he did not make the proposal as a private individual but as the FPP vice chairman and as the vice chairman of the MPP (Party Advisory Council).

If the PPP permitted an ideological conflict to develop, he said, and pro and con statements were made against such a declaration, the ideological conflict would grow.

Some say, he said, that the PPP has supported and struggled for the aspirations of members of religious communities in Indonesia, especially "the Islamic community," but everyone knows that most Indonesians are Muslims. Even this is an attempt to confuse the Islamic community, making them think the PPP is an Islamic party.

The young SI (Islamic Association) leader further reminded his readers that an ideological conflict in the PPP at present would cause the sedimentation (trivialization) of FPP ideas in the DPR so that the flow of ideas for political reform called for by the New Order would diminish and eventually stagnate.

Therefore, Syarifuddin said, the PPP must courageously exploit the opportunity provided recently, which resulted from the setting aside of the criterion that a political decision should not be based on Pancasila and the 1945 Constitution but on "a consensus of the majority of Muslims in this country," he said.

Distortion

In another part of the press release, Syarifuddin said an MPR [People's Consultative Assembly] decision should not be explained by distorting it and making political statements that conceal the fact that the PPP is not an Islamic party. This has no educative value but rather is done to deceive Muslims.

He reminded his readers that the PPP's acceptance of Pancasila as the sole principle, definitely must be construed as indicating that the PPP is no longer an Islamic party, that it no longer is a party that struggles for the special interests of a certain group of believers, and that all socio-political forces struggle for all the people without any special, minor considerations, he said.

#### Justification Demand

Jakarta MERDEKA in Indonesian 26 Nov 84 pp 1, 12

[Excerpts] Jakarta, Sunday [25 November]--Sjufri Helmy Tanjung, member of parliament representing the United Development Faction, urged the United Development Central Executive Committee to call on Syarifuddin Harahap to justify his proposal urging the PPP DPP to declare that the party was no longer an Islamic party.

"Syarifuddin's proposal disturbed the mass membership of the PPP, especially those in the regions," Sjufri told newsmen at the DPR building in Senayan on Saturday.

According to Sjufri, who like Syarifuddin comes from the North Sumatra electoral district, Syarifuddin's statement clearly damaged the PPP struggle and confused the PPP electorate.

"Everyone knows that Syarifuddin gained power because of the PPP," he said reminiscingly.

Therefore, he added, Syarifuddin should not offend the Islamic community who are the PPP electorate.

According to Sjufri, if someone like Syarifuddin could make such a statement, it clearly indicated that he was a member of GOLKAR [Functional Group].

"I sorely regret that someone like Syarifuddin, the vice chairman of the PPP MPP could make such a statement," Sjufri said emphatically.

Sjufri added that the PPP mentally and physically struggles for the aspirations of the Islamic community. For example, he pointed to the PPP's AD/ART [constitution and by-laws] and the PPP code for its struggle which, he said, was always concerned with fighting for the aspirations of the Islamic community.

According to Sjufri, it would have been wise for Syarifuddin, speaking as the vice chairman of both the FPP and the MPP, to have voiced his opinions within PPP circles in order not to destroy the party.

Only after he had discussed this matter in the PPP organization and a mature statement had been decided upon, should Syarifuddin have spoken to the press.

Sjufri reminded everyone of how serious Syarifuddin was during the past campaign about calling the PPP an Islamic party even though he now urges the PPP to declare that the PPP is no longer an Islamic party.

## Recall From DPR Demanded

Jakarta PELITA in Indonesian 29 Nov 84 pp 1, 8

[Text] Jakarta (PELITA)--To maintain party discipline, which is deteriorating now because of disunity and differences of opinion arising from the change made in the use by the United Development Party (P-3) of the kaaba as its election symbol to another party emblem which shows that the organization participating in the general election has accepted Pancasila as the sole principle, the P-3 Central Executive Committee has submitted documents to the DPR leadership recalling two of its members.

Dr Haji Jaelani Naro, general chairman of the P-3 DPP responded to a newsman's question at the Istana Negara [State Palace] on Wednesday [28 November], saying the two DPR members representing the P-3 faction who were to be recalled were Drs H. Syarifuddin Harahap, vice chairman of the P-3 faction, who is also vice chairman of the Party Advisory Council representing the SI, and H. Badrud Tamam Achda, deputy secretary of the P-3 faction representing NU [Nahdlatul Ulama--Scholars Party].

The P-3 viewed the two members who sit in the DPR as undisciplined and as having deviated from the policy lines set by the party.

According to Naro, the P-3 DPP earlier had also recalled two of its members from parliament: H. Murtadho Makmur representing the NU and Haji Ruhani Abdul Hakim representing SI. They were accused of personally taking steps considered to be criminal.

### To Straighten Things Out

Meanwhile, last night Drs Mardinsyah, secretary general of the PPP-DPP, submitted information "to straighten out what had been said by the above-mentioned PPP-DPP general chairman in an interview." It follows:

1. Dr Haji Jaelani Naro, SH, general chairman of the PPP-DPP, never said anything about recalling Drs Syarifuddin Harahap and Drs H.B.T. Achda.
2. The decision taken at a combined meeting of the MPP-DPP, FPP leadership, and the PPP PANSUS [special committee] on Monday, 26 November 1984, gave a full mandate to the PPP Standing DPP to take firm action against several undisciplined party members.
3. To date the PPP Standing DPP has not held a meeting so no information is available as to what action will be sanctioned against Mr Syarifuddin Harahap and Drs H.B.T. Achda.
4. "If I told newsmen anything about this before the PPP-DPP meeting was held, I would also be considered undisciplined. Therefore, I shall try to maintain strict discipline and shall not comment on the PPP Standing DPP decision," Dr H.J. Naro, general chairman of the PPP-DPP, clarified.



## Syarifuddin, Achda Statement

Jakarta MERDEKA in Indonesian 29 Nov 84 pp 1, 12

[Text] Jakarta, Wednesday [28 November]--Syarifuddin Harahap and Badrut Tamam Achda, two representatives of the United Development Faction in parliament, persevere in their efforts to get the PPP DPP to issue a statement declaring that the PPP is no longer an Islamic party despite the fact that the PPP DPP meeting held last Monday [26 November] proposed to recall both men from their positions on the PPP DPP and the FPP.

The two young leaders' posture toward the proposal was contained in statement distributed to newsmen today in the DPR building in Senayan, a MERDEKA newsmen reported.

According to Syarifuddin, the PPP DPP's decision to recall him and Badrut Tamam Achda is a very costly decision. Without explaining what he meant by "very costly," he said the PPP DPP "bosses" had used abusive language to him, but this would not make him or Achda change their view that the PPP is not an Islamic party.

"I will fight to make the PPP DPP declare that the 'the PPP is not an Islamic party' and further that it be affirmed by the second party congress as a very important, principled, and historic political decision," he stated emphatically.

### Willing To Give In

On a separate occasion, Badrut Tamam Achda stated that he and his associates were willing to give in on this matter if a broader interest needed support, namely, in the interest of political reform within the context of achieving a national strategy that would be developed consistently and continually by the New Order.

From efforts being made at political reform, Achda said, it is becoming increasingly clear how hard it is to change the old ways of thinking to a new way of thinking.

The PPP DPP's desire to take action against himself and Syarifuddin, Achda said, proves that an ideological conflict exists in the PPP as asserted by some groups.

Questioned, Achda replied that he and his associates at present were not thinking about forming a counterpart PPP DPP although he admitted that there were loud rumors that some progressive young leaders wanted to form one.

### Outside the System

Syarifuddin Harahap, who is also vice chairman of the Party Advisory Council, added that if the party decided that the "PPP was not an Islamic party," it would function within the Indonesian political system and not, as at present, outside the political system.

In a written statement today, Syarifuddin Harahap felt the PPP DPP at this time was faced with a big question, namely, that the PPP leadership is inarticulate structurally because it lacks friendly contact with the people whom it represents. This makes the PPP functionally obsolete as a political party, and this, in turn, creates obstacles to the PPP functioning as a political party.

Supporting this view, Syarifuddin pointed out that the PPP cannot carry out its socio-political function. This directly affects the way decisions are made and carried out. He used the example of the function of articulating the interests of the people and the nation.

#### Becomes a Burden

As a result, Syarifuddin said in his written statement, the PPP which lately had been the working capital of development has turned into a "heavy burden" for development on which the New Order is working.

Therefore, also, he hoped the PPP's behavior as well as performance in the 1987 general election would bring forth qualified candidates capable of producing a plausible program. Tempers flared during the 1982 general election because the PPP campaign director was only able to appeal to the emotions so that many persons had to be kept from dying in a holy war for PPP.

In the coming general election, Syarifuddin said, the PPP must put on a new face--one that is no longer that of an Islamic party. If it does this, there will be more objective reasons for PPP's gaining seats in people's representative institutions in this general election.

In another part of the written statement, Syarifuddin invited the government's attention to denying permits to PPP branch and regional organizations to hold conferences as planned by the PPP DPP, until the PPP had conclusively settled the growing ideological conflict.

"This should be done because the current branch and regional leaderships are still headed by those who hold that the PPP is an Islamic party," he stated emphatically.

#### Do Not Gossip

Meanwhile, on a separate occasion, Mardinsyah, secretary general of the PPP DPP, said members of the organization must be circumspect. If they have agreed on an issue in a forum, they should not gossip about it outside the forum.

He said that when the draft bill for the last election was being discussed, members of the FPP PANSUS unanimously decided not to comment on what had been discussed, yet the fact was that some did not adhere to this decision.

"This must be done," Mardinsyah said. "If something is felt to be a problem, it should be reported to the DPP because the faction is an extension of the DPP."

"It is inappropriate for them to make decisions on their own," he added.



Responding to a question about when the DPP would hold a follow-up meeting to the one held last Monday that decided to recall Syarifuddin Harahap and Badrut Tamam Achda for lack of discipline, the DPP secretary general said, "Just wait a bit, I will make an announcement later."

#### Syarifuddin Blamed for Problems

Surabaya SURABAYA POST in Indonesian 29 Nov 84 p 1

[Text] Jakarta--Ridwan Saidi, member of the DPR and the PPP, stated that the Syarifuddin Harahap case in no way resulted from the so-called ideological conflict within the PPP because there has never been one in the organization.

The chairman of the Membership, Organization, and General Election Department of the PPP DPP told reporters in Jakarta on Thursday [28 November] that there was no need to specify in its platform what sort of party the PPP was because this was formulated by the first party congress in various party documents such as the AD and the ART and the history of the party struggle.

Anyone caring to know more about the PPP should study these three documents which were discussed in the first congress plenary session chaired by Syarifuddin, Ridwan Saidi said.

This case actually derived from the actions of Syarifuddin himself. He chaired the 13 November 1984 session of the faction. On that day Drs Soedarji and Drs Tamam Achda, who served as the faction's chairman and deputy secretary, respectively, ruled that the faction's plenary meeting should be held at a time other than what had been scheduled by the DPR Consultative Board.

Serving as the meeting chairman, Syarifuddin urged those attending to decide on a number of matters related to the general election draft bill which the faction was not competent to do. These should have been decided by the PANJA [standing committee] and the PANSUS. With a strong esprit de corps, the faction's plenary meeting rejected his importuning because it was aware that it did not have such competence and did not want to confront the PPP DPP.

Their failure on 13 November was repeated elsewhere and by using other means, including issuing press releases repeatedly on the so-called ideological conflict.

Then, Ridwan Saidi said, the PPP DPP invited Syarifuddin and Achda to attend a meeting but neither of them attended. And in such a case, it was right for the PPP DPP to think about what sort of control measures should be taken to maintain party discipline.

The DPP and NPP plenary meeting of 26 November left the decision as to what sort of control measures should be taken against Syarifuddin Harahap and his associates up to the party standing executive committee.

Ridwan Saidi hoped third parties would not get involved in this matter, for that would destabilize the political life of the party, which, if permitted, could result in wider political instability.

Resignation Perwandi

Jakarta KOMPAS in Indonesian 30 Nov 64 p 1

[Text] Jakarta, KOMPAS--Dr Haji Jaelani Naro, SH, was called on to resign from his position as general chairman of the PPP DPP. As a leader, he has given great service and has shown great dedication to the people and to the nation, Drs Syarifuddin Harahap, vice chairman of the United Development Faction, told newsmen at the DPR on Thursday [29 November].

Concerning his leadership power, Syarifuddin, who is also vice chairman of the PPP Party Advisory Council, said that H.J. Naro was a pragmatic negotiator. The various matters which were entrusted to him openly and secretly are indicative of his capability.

Naro was inclined to offer a number of alternative proposals even though he had already made his own decision on how he wanted the issue settled. "Unlike him, I pursue my interests aggressively to gain my ends," Syarifuddin said.

He further reminded PPP leaders that they personally should not be ambivalent about accepting Pancasila as the party's sole principle. With its decision to accept Pancasila as the sole principle, the PPP clearly no longer is an Islamic party.

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CSO: 4213/101

INDONESIA

## MORE ON NEW RIFT IN DEVELOPMENT UNION PARTY

### Call for Party Discipline

Jakarta: PELITA in Indonesian 4 Dec 84 p 1

[Text] Jakarta, PTLITA--Soedardji, chairman of the faction of the Development Union Party [PPP] in the DPR [parliament], declared that party discipline must be upheld. He added that the faction is an instrument of the party in the DPR.

"It is therefore neither possible nor acceptable for the faction to be in opposition to the PPP DPP [central executive council]," he stated in a press release distributed to reporters at the DPR yesterday.

As is known, FPP [Development Union Faction] member Drs Syarifuddin Hamahap recently stated his view that each member of the DPR must realize he has a total responsibility and not merely the partial responsibility of attending to the internal interests of his organization.

"As for me personally," said Syarifuddin, "a DPR member as a member of a faction or of a DPP is not a robot of his party."

FPP chairman Drs Soedardji declared further that all elements of the PPP are united in adhering to, safeguarding and implementing the decisions of Congress I, which achieved success through consultation and consensus.

Soedardji emphatically denied the rumor that an ideological conflict has occurred in the PPP, saying "There is no ideological conflict in the PPP."

Soedardji called on PPP members to be calm and to avoid being influenced by reports disseminated intentionally by parties with certain objectives.

Up to the Evaluators

Meanwhile, H. M. Hasjim Latief, chairman of the PPP DPP [central executive council] for East Java, said that if anyone evaluates the PPP as no longer an Islamic party such a view is up to the evaluator himself. Each evaluation must be comprehensive, however, and not include merely one aspect, in order to avoid causing confusion and unrest.

Hasjim Latief, who is also chairman of the NU [Muslim Scholars Party] Regional Board of Directors for East Java, said this to PELITA when asked about the opinion of certain people that the PPP is no longer an Islamic party. He stated that if he were asked to say whether the PPP is an Islamic party or not he would have to know the aspect that is intended.

"From the aspect of activities and goals, the PPP is at least the party of the Islamic community. But from the aspect of its Pancasila [the five basic principles of the Indonesian republic] principle, the PPP is not an Islamic party," he added.

In view of the activities and goals of the PPP, Hasjim Latief said it is still a question whether non-Muslims will want to join the party. Because of its Pancasila principle, the PPP is open to everyone, but PPP activities and goals will at least make people stop to think before becoming PPP members.

#### Syarifuddin Says Congress Failed

Jakarta PELITA in Indonesian 6 Dec 84 pp 1, 7

[Text] Jakarta, PELITA--Drs Syarifuddin Harohap, deputy chairman of the Development Union Faction and deputy chairman of the PPP Deliberative Council, sees the PPP congress, which was held at Binaria-Ancol last August, as a total failure, since it made decisions violating laws and MPR [People's Consultative Congress] decisions on political organizations.

In a press release distributed to reporters on Tuesday [4 December], Syarifuddin declared that the first PPP congress was under so much pressure to make a quick decision that in reality it merely rubberstamped concepts approved by Dr H. J. Naro and submitted by the DPP regarding its constitution and bylaws and its action program.

He also said the decisions had caused ideological conflict. "The reason is that the congress did not decide to accept Pancasila as single principle but rather took a step backward by wanting to maintain the Jakarta Charter," he explained.

#### Evidence Revealed

Syarifuddin in fact revealed in detail evidence of what he called major violations, including evidence the PPP has not actually accepted Pancasila as single principle, contrary to the preamble of its constitution.

Syarifuddin also alleged that the PPP actually wants to return to the letter and spirit of the Jakarta Charter, as indicated in article 5, paragraph 4, of its constitution, which reads, "Endeavor to implement Islamic teachings in the personal and community life of its members." "That will certainly cause conflict if there are members who are not Muslims," declared Syarifuddin.

In another part of his explanation, Syarifuddin pointed out other articles in the constitution that give strong indication that in its political action the PPP basically does not use Pancasila and the 1945 Constitution as its standard. On the contrary, the PPP emphasizes the spiritual and material in its action. "That is what produced the inflexible PPP position in deliberations on the PMILU [general elections] bill in the DPR special and working committees, a position which in effect sought to force a decision by majority vote," he declared.

Syarifuddin also said that the organizational structure stipulated in the PPP constitution violates law No 3 of 1975. The congress had approved the wording of article 7 on the regional organization of the party.

According to Syarifuddin, article 7, paragraph 1, of the party constitution states, "The party's area is the entire area of the Republic of Indonesia, and the party is organized in accordance with the organization of regional government."

A "party region" is a level I region. A "party branch" for level II regions includes "party subbranches" for subdistricts and "party sections" for villages or equivalents.

He also said that the PPP has not yet relinquished its Islamic basis and continues to view itself as an Islamic party, which is evident in bylaws article 36, regarding the Party Deliberative Council.

#### Not An Active System

Article 36, paragraph 1, of the bylaws states, "In fulfilling the responsibilities defined in article 14, paragraph 2, of the constitution, the Party Deliberative Council is to act in accordance with Islamic principles and decisions of party congresses and councils in providing rulings, whether requested or not, to the DPP on questions related to the provisions of articles 31 and 32 of the bylaws."

"I think it should be clear to everyone," he declared, "that rulings the council provides are not based on standards from Pancasila, the 1945 Constitution or MPR Decision No 2, as sought under New Order development."

Syarifuddin also said that party membership does not follow an active system, as stated in article 6.

He stated that the party symbol, which consists of a black picture of the Kaaba with a gold veil and "Development Union Party" in white letters beneath, is no longer appropriate.

The symbol is no longer suitable, he declared, because after accepting Pancasila as single principle the PPP is no longer an Islamic party.

"I am providing this explanation," Syarifuddin said in conclusion, "to make it clear that this 'ideological conflict' is not between me personally and General Chairman Dr H. J. Naro SH [master of laws]."

#### Action Sought Against Syarifuddin

Jakarta MERDEKA in Indonesian 7 Dec 84 pp 1, 7

[Excerpts] Jakarta, 6 Dec 84--John Naro, general chairman of the Central Executive Council of the Development Union Party, declared that specific action in the form of organizational sanctions will indeed be taken against Syarifuddin Harahap and Badrud Tamam Achda for their undisciplined conduct.

Naro made this statement following his meeting today with DPR/MPR chairman Amirmachmud at the DPR building in Senayan. Naro gave no details of actions to be taken against the two men, who recently have criticized the PPP DPP sharply and openly.

#### Discipline

In reply to a reporter's question, H. J. Naro said there must be organizational discipline if PPP members want the party to be a good organization. Therefore, the DPP will apply specific sanctions to elements clearly guilty of undisciplined conduct.

Naro stated that specific sanctions will be taken against Syarifuddin Harahap and Achda, in accordance with a mandate from a plenary meeting of the PPP DPP and the FPP held recently at the Kartika Chandra Hotel. The meeting gave full authority to DPP executive directors to take action against the two men.

"What action will be taken, and when?" asked a reporter.

"The point is, firm action has been taken, but it can't be announced yet," Naro replied firmly.

"Will Harahap and Achda be recalled?" a reporter demanded.

"Not yet," answered Naro, laughing.

"Then when will they be recalled?" a reporter persisted.

"Not yet. Not yet," answered the PPP DPP chairman as he moved toward his car.

#### Consultation

Naro said that his visit to the DPR was to consult with Amirmachmud in connection with a letter from the PPP DPP to the leader of the DPR/MPR for forwarding to the president about recalling two members of the FPP, H. Murtadho Makmur and Rohani Abdul Hakim.



Amirmachmud pictured the 2-hour meeting, which was also attended by PPP DPP secretary general Mardiasyah, as very serious.

According to Amirmachmud, it was agreed in the discussion on the recalling of the two FPP members that there are further procedures that must be followed, but he did not give details of the procedures.

The DPR chairman said in response to a reporter's question that the subject of recalling Syarifuddin Harahap and Badrud Tamam Achda was not mentioned in the consultation.

#### Team Formed

Meanwhile, Syarifuddin Harahap told reporters today that he and Badrud Tamam Achda had formed a team for operational correction and control of the party's position. The team will formulate various corrections to the PPP work program and to its constitution and bylaws.

These formulations will be submitted to the PPP DPP for presentation to a congress, which should be held as soon as possible.

He said the team will prepare evidence that PPP Congress I was not legal since it violated laws and MPR decisions and will then ask the attorney general to take action related to those violations.

According to Syarifuddin, there are various elements who were wrong and who were responsible for the violations committed at the congress. First were the congress director and the team that compiled the constitution and bylaws and the work program approved by the congress. Second, there were congress participants who with full understanding supported the decisions. Third, there were congress participants who without understanding supported the decisions, fully trusting that those who drafted them had performed careful study.

"The two of us were also guilty, and that is why we are confessing our mistake and want to make it right," said Syarifuddin.

#### Syarifuddin's Charges Rebutted

Jakarta PELITA in Indonesian 7 Dec 84 pp 1, 6

[Excerpt] Jakarta, PELITA--Drs Ridwan Saidi, head of the Department of Organization, Membership and General Elections of the PPP DPP, told PELITA yesterday that he was very surprised at Drs Syarifuddin Harahap's charges against decisions made by PPP Congress I.

"Syarifuddin seems to be in a fog," Ridwan said. According to Ridwan, Syarifuddin's charges against all the results of Congress I, which Syarifuddin said indicated a desire to keep the Jakarta Charter, are exaggerated and



may mislead those who have not read the congress decisions or who did not follow closely the proceedings of the congress.

Syarifuddin As Team Member

Ridwan Saidi explained that the general chairman of the PPP DPP was aided by an assistance team in managing Congress I. One member of that assistance team was Drs Syarifuddin Harahap.

The job of the assistance team was to help the general chairman in planning the materials to be presented to the congress.

"It is not true that PPP Congress I merely served as a rubber stamp, as Syarifuddin charges," said Ridwan Saidi.

He pointed out that congress decisions were always made after debate in commission meetings, which then passed their decisions to a plenary session.

The same was true of decisions made on the PPP constitution and bylaws and on the action program. Those materials were debated first in commission meetings before sending them to a plenary session.

They were then debated again before the plenary session came to a decision.

Ridwan Saidi recalled that the plenary session debating the constitution and bylaws and the action program lasted 3 hours and that the session was led by a man named Syarifuddin Harahap.

Normal

"Drs Syarifuddin Harahap appeared to be mentally normal when he led the plenary session," said Ridwan, adding, "I am amazed at the mentality demonstrated by Syarifuddin in ridiculing the decisions for which he was greatly responsible himself."

Ridwan stated that he as a younger man very much regretted that the attitude of the more senior Syarifuddin did not provide a better example or express more praiseworthy character.

"I can truly understand now why Syarifuddin Harahap was rejected for participation in the Manggala seminar in Bogor some time ago," he declared.

He stated that as far as the position of the PPP DPP is concerned, the PPP would not fold its hands in the face of Syarifuddin's irresponsible accusations.

According to Ridwan, the PPP DPP is in the process of deciding how to deal with Drs Syarifuddin, and a letter on the subject is being prepared for submission to the people involved.

In conclusion, Ridwan asked that all PPP members remain calm and united in the face of the methods used by this irresponsible person.

#### Syarifuddin Wants Special Congress

Jakarta MERDEKA in Indonesian 10 Dec 84 pp 1, 12

[Text] Medan, 9 Dec 84--Syarifuddin Harahap, deputy chairman of the Party Deliberative Council (MPP) of the Development Union Party, declared that the PPP must hold a special congress to rid the party of individuals violating the mission of the New Order and to remove from the constitution and bylaws loopholes that are contradictory to Pancasila.

Speaking to reporters in Medan on Saturday night [9 December], Syarifuddin said that the struggle of the New Order had passed through several phases by giving attention to dimensions of reality, flexibility and idealism. We are now climbing to the summit of the victory of Pancasila ideology as the single principle of political organizations.

He said that the PPP's acceptance of Pancasila as single principle and its declaration that the PPP is not an Islamic party could make possible the PPP's presence in every corner of the country.

According to Syarifuddin, the PPP DPP personnel selected by the recent PPP congress did not conform to aspirations. Many individuals who had violated the New Order's mission were seated by the director. He did not, however, name the persons whom he said "violated the New Order's mission." (The director of the PPP congress was H. J. Naro. --Editor)

He declared that he and H. Badrut Tamam Achda will clear out those individuals, so that the PPP will be truly consistent with Pancasila, without any loopholes.

"A special PPP congress must be held to clear out those people and to delete the loopholes in the PPP constitution and bylaws that are contrary to Pancasila," he stated. "We are progressing and are now making evaluations through a team that has been formed," he added.

He said the team is evaluating the PPP's work program, which must be changed.

Through his continuing efforts, he asserted, 50 percent of the PPP DPW's support him, thus making a special congress possible.

He said frankly he is seeking a PPP DPP leadership composed of himself as chairman and H. Badrut Tamam Achda as secretary.

As is known, the PPP DPP is taking firm action against Syarifuddin Harahap and H. B. Tamam Achda because of their recent statements that were seen as violations of party discipline. The matter began with a statement by

Syarifuddin that the PPP DPP should declare the PPP as not an Islamic party. The matter then developed into a crisis within the PPP.

Syarifuddin elsewhere stated that the PPP cannot be neutral toward Islamic fundamentalists and must find out where the individuals are who are raising various issues and disseminating illegal leaflets in order to cause trouble.

### Islamic Union Suspends Syarifuddin

Jakarta PELITA in Indonesian 10 Dec 84 pp 1, 2

The Central Executive Council of the Islamic Union (DPP-SI) has decided to suspend Drs Syarifuddin Harahap from all activities as member and general chairman of the Executive Board of the Islamic Union [SI] until the forthcoming 34th Deliberative Council.

The decision to suspend Syarifuddin Harahap was executed by DPP-SI Letter of Decision No 040/KPTS/DPP/XII/84, dated 1 December 1984 and signed by Mahdi Tjokroaminoto and H. Syaiful Husein, who are DPP-SI general chairman and secretary, respectively. Others signing were Mrs Dra H. Syamsinoer Adnoes and Drs Djauhari S., chairman and secretary general of the DPP-SI.

The letter of decision stated that the confusion occurring within the DPP of the Development Union Party could result in divisions in the Islamic community, that this confusion was caused by an SI member, and that this could damage the image of good relations between the party and the SI.

### Deviation

R. M. O. Mahdi Tjokroaminoto told PELITA in his office on Saturday [8 December] that Syarifuddin's blatant action had deviated from SI norms taught by H. O. S. Tjokroaminoto. His statements against the PPP DPP and the decisions of the congress were very damaging to the SI. Although the PPP is a total fusion of the four Islamic parties (NU [Muslim Scholars Party], PARMUSI, [Indonesian Muslim Party], PSII [Indonesian Islamic Union Party] and PERII [Islamic Education Union]), the SI is still obligated as a founder, in accordance with the declaration that founded the PPP.

He explained that the SI's leaders teach that whatever is decided by the congress of an organization must be given absolute obedience by its members.

The actions of Drs Syarifuddin as deputy chairman of the PPP MPP and FPP cannot be disassociated from the SI. Consequently, the SI is indirectly implicated.

"For that reason," said Mahdi Tjokroaminoto, an heir of the SI's founder, "after studying the situation, the SI DPP deemed it necessary to take firm action for the sake of the SI's image of unity."

He stated that in fulfilling the mandate and aspirations of its members the SI had decided that its political activity should be fused into the PPP, in accordance with the declaration founding the PPP.

"It is therefore clear that the actions of Syarifuddin Harahap are contrary to the policies of the SI," said Mahdi.

#### Not A Failure

Meanwhile, when Drs Mardinsyah, secretary general of the PPP DPP, was asked if he had received the letter of decision from the DPP-SI on the suspension of Syarifuddin, he said, "I have received it, and suspension is indeed their decision in order to uphold the organization's discipline."

Drs Mardinsyah told PELITA, which interviewed him at his office on Diponegoro Street, that the Syarifuddin case will be finalized soon and that the PPP DPP will maintain party discipline as fulfillment of the mandate received from the congress and from top government officials, with whom the DPP has met.

He explained that the PPP is determined to uphold party discipline in the framework of upholding national discipline. "How can we attain national discipline if we do not begin with discipline within each social group?" he asked.

According to the PPP DPP secretary general, the Syarifuddin case involves party discipline only, and there is no ideological conflict, as charged by Syarifuddin.

"In its first congress, the PPP has indeed been successful in establishing Pancasila as single principle of the party," he stated.

Mardinsyah declared that the PPP congress was not a failure, as alleged. "In fact, the president and vice president themselves declared the congress a success. They did not say one word about the congress being a failure. If Syarifuddin calls it a failure, he is blatantly contradicting the words of the state's top officials."

Referring to whether there is an ulterior motive, Mardinsyah said, "I do not know for sure whether Syarifuddin and Achda want to take important positions in the PPP. Only they know."

He explained that Drs Syarifuddin had been invited three times to appear, including twice to a joint session, but he did not come.

INDONESIA

## PROBLEMS OF TRANSMIGRATION IN EAST KALIMANTAN DISCUSSED

Jakarta PELITA in Indonesian 29 Nov 84 p 3

[Text] Samarinda [East Kalimantan], PELITA--During the Third 5-Year Plan the number of families resettled in East Kalimantan was 3,172 below the target of 16,325 families. A total of 13,153 families of transmigrants were settled in the province of East Kalimantan, most of them from Central Java and East Java, in addition to families from Bali and West Nusa Tenggara Provinces.

A PELITA source in the East Kalimantan provincial transmigration office said that the program for settling transmigrants in the province had encountered a number of problems and obstacles, particularly in the preparation of housing areas, which was often behind schedule. At the time the transmigrants were about to be brought from their places of origin, it often turned out that the project site and the agricultural land for them were not ready. As a consequence, carefully planned resettlement programs were postponed, the source said.

### Strong Enough

However, he admitted that work on the preparation of land for the resettlement of transmigrants was rather difficult, because the majority of the locations involved were in isolated areas in the interior of the province. For example, the Salim Batu transmigration project in Bulungan Regency, which should have received 1,700 families in 1982, could only handle 900 families, and the remaining families have not yet been successfully resettled there.

The same is also true with the resettlement target for the Lehanan project in Berau Regency, where 1,000 families were to have been located. Up to the present only 778 families have been resettled there. Also delayed was the resettlement of 1,300 families at the Samboja project, 300 families in the city of Samarinda, 200 families in Muara Wahau, 600 families in Kota Bangun, and 300 families in Sangkulirang. This does not include the 700 families who were to be resettled at the Lehanan project in Berau Regency and the Salim Batu project in Bulungan Regency.

As a result up to the present the target for resettling 2,000 transmigrant families, originally scheduled for fiscal year 1983-84, has not been achieved at all. The target for resettling 1,200 families during fiscal year 1982-83 at the Lehanan project in Berau Regency and the Salim Batu project in Bulungan Regency was reduced to 1,078 families resettled by October 1984.

The postponement in resettlement of the transmigrants, according to the PELITA source, was generally caused by delays in preparation of the housing areas for them. During the Fourth 5-Year Plan East Kalimantan will be faced with even more difficult problems in handling transmigrants, since the quota for resettlement in the province will be much larger, involving 70,000 families.

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CSO: 4213/100

INDONESIA

MOKHTAR ON SRV VIETNAMIZATION OF CAMBODIA

BN171615 Jakarta THE JAKARTA POST in English 12 Jan 85 p 12

[Excerpt] Jakarta (JP)--Foreign Minister Mokhtar Kusumaatmaja said Friday Indonesia was concerned over the "Vietnamization" of Kampuchea.

Mr Mokhtar told his weekly news conference here that the fall of Kampuchean resistance forces' camps "is not a decisive factor" in the Kampuchean struggle to free their country from Vietnamese occupation.

Referring to the fall of the Nong Chan and Ampil Guerrilla Bases this week, Mr Mokhtar said "we are surprised why they defended the camps, because according to guerrilla war theory, and our own experience (during the war of independence against the Dutch), they (the guerrillas) must leave and come back again later." "But maybe they just wanted to show that they could fight the Vietnamese," he added.

Mr Mokhtar described the fall of nationalists guerrilla bases along the Kampuchea-Thai border as "a normal thing." But he added, "what we are concerned about is the Vietnamization of Kampuchea by the Hanoi Government."

Independent reports pointed out that Hanoi has been carrying out a systematic Vietnamization program involving the Kampuchean power apparatus, economic framework and demographic structure.

The reports estimated that about 450,000 Vietnamese have been resettled in Kampuchea since Hanoi's [troops] marched into that country and occupied the capital, Phnom Penh 6 years ago. On top of that figure, there is the estimated 180,000 Vietnamese troops stationed in Kampuchea to support the Hanoi installed government of Heng Samrin.

Mr Mokhtar, however, said that the number of Vietnamese resettled in Kampuchea was smaller than those reported. He did not elaborate.

He said the Kampuchean guerrillas may have lost the battle of Ampil but they have not lost the war. "The spirit to free one's country cannot be broken."

CSO: 4200/414



INDONESIA

# PARLIAMENT MEMBER WARNS ON TRADE WITH CHINA

HK150744 Hong Kong AFP in English 0630 GMT 16 Jan 85

[Text] Jakarta, 16 January (AFP)--A member of parliament has called for vigilance in opening direct trade with China, saying the "old wounds" inflicted by "China's support" for the abortive 1965 coup were still felt by the Indonesian people.

Rusli Desa, deputy chairman of the House Commission on Foreign Affairs and Defence, was today quoted by the independent KNI NEWS AGENCY as saying that there was a need to be vigilant against any "consequences" the move might have "in the country."

Foreign Minister Mochtar Kusumaatmadja said last week that preparations were afoot to regulate direct trade with China, but he warned against linking the move with "political matters," like reviving diplomatic links with Peking.

Jakarta froze diplomatic relations with Peking in 1967 in the wake of the abortive coup in 1965, blamed on Peking-backed communists. Indirect trade had been conducted so far mostly through Hong Kong.

Mr Rusli Desa said that although direct trade should not be immediately linked with politics, Indonesia should be aware of the influence the move could have, for example, at the ports used for the trade.

However, KNI quoted the MP from the United Development Party (PPP) as admitting that China represented a large potential market for Indonesia.

CSO: 4200/414

INDONESIA

MINISTER DISCUSSES BUSINESS SLUMP

Jakarta KOMPAS in Indonesian 28 Nov 84 pp 1, 12

[Excerpts] Jakarta, KOMPAS--The low level of investment and the slump in business activity cannot be directly linked to the implementation of the state budget for 1984-85, because they involve primarily the private sector and presently installed productive capacity. Furthermore, the slump has not affected all areas of business activity.

Meanwhile, although state receipts from petroleum will be down by 178 billion rupiahs, or 1.1 percent of total state domestic receipts, as a result of the reduction in production of 111,000 barrels per day, the government estimates that the programs planned in the state budget for fiscal year 1984-85 can be carried out.

This was stated by Dr Radius Prawiro, minister of finance, in the first day of testimony before the Budget Committee of Parliament in Jakarta on 27 January.

On this occasion the Budget Committee pointed out that there have been a number of monetary and economic flareups during fiscal year 1984-85 but that the government continued to be convinced that the state budget will operate in accordance with the plans already decided on. The flareups referred to, for example, included the exchange rate of the U. S. dollar, which has risen sharply, a still low level of capital investment, the reduction in petroleum production, and the slump in the business world.

According to Doctor Radius, based on the performance of the state budget during the first 6 months of the 1984-85 fiscal year, budget activity will not differ much from what was originally planned. The problem is that when the state budget was prepared, the assumptions used were too optimistic. He said: "As a result, when the exchange rate of the U. S. dollar climbed and developments began to take place in the world economy which are not yet clear, the negative impact on the implementation of the state budget was minimized as far as possible."

No Direct Connection

In a general sense Doctor Radius admitted that at present there is a slump in the business world and that investment is still at a low level. He added: "However, in fact that cannot be directly connected with the implementation of the 1984-85 state budget because it involves the private sector and installed productive capacity."

He said that the slump also did not affect all aspects of business activity. Indeed, in the export sector activity has risen rapidly. The figures on Indonesian exports of non petroleum and natural gas products issued by the Central Statistical Office (BPS) show all of that. According to BPS data obtained by KOMPAS, during the period from January to July 1984 total exports (including both petroleum and non petroleum products) increased by 4.7 percent in terms of volume, compared to the same period of 1983, while in terms of value the increase was 14.3 percent. Broken down in terms of petroleum, natural gas, and non petroleum and natural gas products, the value of petroleum exports increased by 0.9 percent; natural gas, by 68.4 percent; and non petroleum and natural gas products, by 27.7 percent.

According to Doctor Radius, the slump has been felt in particular by those who are 100 percent dependent on the domestic market, and even that may only affect certain business sectors. He said: "However, we must first consider what was the cause. Was it because the people had difficulty in maintaining their purchasing power?" With specific reference to the people's purchasing power he said that the government had taken several steps to increase it, for example by increasing the income of farmers through raising the basic price of unmilled rice [gabah].

Radius said he agreed with the statement of Iskandar, a member of the Budget Committee, that the government must be in a position to press ahead with spending the remainder of the development budget to relieve the slump. He added: "In fact, the government is moving in that direction." He also agreed with the view that the slump is also partially due to the unwillingness of government officials to do their work after procedures for the issuance of licenses were simplified. He said that the simplification of procedures for the issuance of licenses indeed led to less activity by officials who had previously issued licenses. He added: "As a result, they also say that present business conditions are sluggish. This is understandable. Whereas previously they frequently left their offices on personal shopping errands, now they no longer do so."

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CSO: 4213/100

INDONESIA

#### SOME COMPANIES SUSPEND PRODUCTION DUE TO SLUMP

Jakarta SINAR HARAPAN in Indonesian 28 Nov 84 p 1

[Text] Jakarta, 28 November--The present slump in domestic economic conditions has faced many businessmen with a situation where they have little possibility of expanding their businesses. Indeed, in certain sectors there are signs that a number of businesses have had to halt their activities because of a continuing decline in sales while, on the other hand, they have been forced to continue meeting rather high production costs.

Difficulty in obtaining rupiah operating funds or the relatively low liquidity in the economy as a whole, accompanied by a continuing weakness in the people's purchasing power, have caused economic activity to slow down. As a result, the productive capacity of business has also declined. Imports of goods, both legal and illegal, (that is, smuggled) have also been a cause of business firms having difficulty in selling their products on the domestic market.

#### Disturbing to Business Firms

B. Ichsan, general chairman of the Electronic Equipment Association, in an interview in his office with a SINAR HARAPAN representative on 27 November, said: "The decline in production has been very disturbing to business firms." He said that there has been a rather sharp decrease in the production of electronic equipment. Indeed, several companies have temporarily halted production.

Businessmen in the privately-owned steel industry, contacted by a SINAR HARAPAN representative, stated that sluggish market conditions had been felt for the past 2 years. Firms producing steel billets (semi-finished products used for the production of steel rods, steel shapes, etc) at present have reduced their production because the market is sluggish. As a consequence, unit production costs have increased.

Agreeing with the statements made above, textile industry figures have said that in the history of industrial development in Indonesia there has never before been a market slump like the present one. A number of textile plants in West Java and in other provinces closed down some time ago.

INDONESIA

PERTAMINA MAY AGAIN HAVE CRUDE OIL REFINED IN SINGAPORE

Surabaya SURABAYA POST in Indonesian 29 Nov 84 p 1

[Text] Jakarta--There is a possibility that Pertamina [State Oil and Gas Company] will again have some of its crude oil refined in Singapore, because our oil refineries at Dumai [mainland Riau Province] and Balikpapan [East Kalimantan] are not yet able to operate fully.

This was stated by Doctor Soebroto, minister of mining and energy, after reporting to President Soeharto at his residence on Jalan Cendana in Jakarta on 29 November.

Doctor Soebroto, in answer to questions by reporters, said: "It may be true, but I don't yet know how much crude oil will be involved."

He said that Pertamina has the primary task of increasing exports of petroleum and natural gas as much as possible to obtain greater tax receipts for the state. For that reason it is possible that Pertamina will arrange to have some of its crude oil processed in foreign refineries if domestic refineries are not able to function at maximum capacity.

At present the Dumai and Balikpapan refineries, which are the most sophisticated oil refineries in Indonesia, are continuing their tests to prevent accidents after they become operational.

Furthermore, Pertamina has the duty of continuing to satisfy domestic requirements for petroleum-based fuels.

He said that if in the future it turns out that the price for exports of crude oil is better than for refined products, "We can switch to that."

Asked whether it is true that the subsidy on refined petroleum products may be reduced by 50 percent in the next fiscal year, the minister said that this has been considered. Through a number of steps and efforts to promote efficiency by Pertamina, it will be possible to reduce the cost of domestic refined products in fiscal year 1984-85. Soebroto said: "I said this in Parliament yesterday [28 November]."

## Can Be Increased

Answering a question by a member of Parliament in testimony before Committee VI on 28 November, Soebroto said that Indonesian petroleum production can still be increased, from a level of 1.6 million to 1.7 million barrels per day.

Soebroto mentioned a number of steps which the government has taken to ensure investment goals are met and to increase the efficiency of Pertamina.

He said: "We must try to ensure that petroleum is refined as efficiently as possible, while expenditures for this purpose are held to a minimum."

Soebroto stated that the petroleum exploration effort will continue to be increased, bearing in mind that Indonesia has 50 potential oil-bearing areas spread out from Aceh Province to the Arafura Sea.

Meanwhile, foreign oil contractors up to the present continue to consider that their investments in the petroleum sector in Indonesia are still profitable.

Regarding the expansion of the refineries in Cilacap [Central Java], Balikpapan, and Dumai, Minister Soebroto stated in testimony before Parliament on 28 November that the refineries whose construction was completed at the beginning of 1984 still need about 6 months to achieve normal operating conditions. At present these refineries are still going through "test runs." After that they still need to go through a phase of increasing their capacity in stages, up to 70, 80, and 90 percent, until they reach full capacity. This is because the refined products turned out at the refineries must meet established specifications.

It is hoped that in 1985 all domestic petroleum product requirements can be entirely satisfied by domestic refineries, meaning that there will be no more oil refined by foreign refineries or imports of refined products. However, Soebroto said, at present only the Cilacap refinery is fully operational, while the Dumai and Balikpapan refineries need more time for tests, because they use high technology.

## People's Republic of China

Answering a question on 28 November from a member of the Parliamentary committee, Soebroto also recalled that Indonesia must carefully watch developments in the People's Republic of China, which is now producing 2.2 million barrels of oil per day. At present the People's Republic of China is the largest oil producer in East Asia.

Furthermore, the policy which that country is following in opening itself up to the world has caused many foreign petroleum contractors to undertake exploration activity in China, particularly in the area offshore Hainan Island.

The People's Republic of China at present is exporting 500,000 barrels of oil per day.

In addition to China, according to Soebroto, India is also now producing oil: about 650,000 barrels per day. It appears that the tendency is for production to continue to increase.



INDONESIA

GENERAL CONCERNS ABOUT FUTURE MIDDLE-RANKING OFFICER SHORTAGE

Jakarta SINAR HARAPAN in Indonesian 30 Nov 84 pp 1, 12

[Text] Jakarta, 29 November--General Rudini, Army chief of staff, is concerned that in the future the Army will be faced with a shortage of middle-ranking officers because of the large number of senior and middle-ranking officers who will retire over the next 2 to 3 years.

He made this statement on 29 November in answer to a question during testimony before Committee I of Parliament, which is chaired by Ismail Hasan Metareum. The chief of staff went on to say that this possibility is clearly evident.

He said that to prevent a shortage of middle-ranking officers from occurring, those officers scheduled to retire at age 55 should be carefully screened. Middle-ranking officers who have special skills should have their date of retirement postponed until they are 56 or 58 years old.

Issue

Previously, General Rudini denied statements made by certain groups that many of the officers will be retired because of a reorganization within the Indonesian Armed Forces. He said that statements like this were only intended to confuse the situation and were not true at all.

He said: "What is true is that if they leave the service, it is because they have retired." He added that in the next 2 or 3 years there will be very many senior and middle-ranking officers who will retire. It is this kind of situation which is a cause of concern, because it may cause a shortage of middle-ranking officers.

He admitted that at first it appeared that there were officers who had no assignments, because they were still waiting for a position.

He also said that the reorganization of the Indonesian Armed Forces is not aimed at a rationalization of the services. He considered that the reorganization could not be completed by 1 April 1986, as originally planned. In this connection, he used the word "completed" in the broadest sense. For example, he said that changes in the financial administration of the services will take a long time, because of the elimination of a budget which previously involved three armed



services and which will now involve a single command. He added: "Other issues involving equipment are not yet a problem."

#### Ammunition Handling

Answering a question on the security of ammunition handling, he said that before he became Army chief of staff proper security arrangements for the ammunition had already begun to be applied.

He said that the first thing done was to ensure security in the administration of ammunition handling, by preparing a list to make it possible to know what ammunition had become obsolescent. Some ammunition becomes obsolescent after 3 years, but other ammunition does not become obsolescent for 10 years.

With ammunition which has previously been stored in a warehouse, the oldest ammunition is used. Meanwhile, there is a regulation on the age of certain types of ammunition which can continue to be stored in warehouses. However, because there is always some ammunition being used, there won't be ammunition which is too old.

Large caliber ammunition will not be stored in warehouses close to residential areas. However, the locations of the ammunition cannot be discussed in a forum like a parliamentary committee. In preparing locations for ammunition storage the ammunition warehouse for Military Region V/Jakarta was moved to Narogog, Bekasi Regency, and every battalion will also have have a supply of ammunition up to certain calibers. This is intended to ensure that they are ready for combat.

The technique of construction of ammunition warehouses has also been improved, with almost one-half of the warehouse underground, and embankments are built around the warehouse, General Rudini said.

5170

CSO: 4213/100

INDONESIA

#### BRIEFS

KRAKATAU STEEL LOSING MONEY--Minister of Industry Hartarto has admitted that PT Krakatau Steel Company at present is continuing to lose money and has a rather large debt. However, he did not know precisely how large the debt is. Hartarto said, in answer to questions by reporters as to whether it is true that the total debt of PT Krakatau Steel is about 300 billion rupiahs, "I don't know precisely what the figure is." Speaking to reporters after he had had a discussion with Jusuf, the chairman of the Financial Inspection Board, on 30 November at the office of the board, the minister stated that the losses suffered by Krakatau Steel were caused by a high rate of depreciation of equipment and facilities used, a level of production below its capacity, and the burden of high interest rates. However, the losses will decrease over the long run, and this is an encouraging indication. He also confirmed that PT Krakatau Steel, since its establishment, has never earned a profit. M. Jusuf, chairman of the Financial Inspection Board and who had previously served as minister of industry for 12 years, said that PT Krakatau Steel was still growing. However, the important thing to remember in connection with its debts and losses is the intensive effort made by the Department of Industry to deal with this problem. Jusuf said: "This is a source of comfort to the Financial Inspection Board." [Text] [Jakarta MERDEKA in Indonesian 30 Nov 84 p 1] 5170

CSO: 4213/100

LAOS

## BRIEFS

**BULGARIAN CULTURAL DELEGATION VISITS--**Vientiane, 12 January (OANA-KPL)--Khamphai Boupha, member of the party CC, first deputy-minister of foreign affairs, received here yesterday a visiting delegation of the People's Republic of Bulgaria [PRB] led by S. Konstantinov, deputy-head of the Department for Cultural Relations With Foreign Countries of the Foreign Ministry of the PRB. In the afternoon of the same day, the delegation paid a courtesy visit to Minister of Culture Thongsing Thammavong, alternate-member of the party CC. Txvetanov Netsov, Bulgarian ambassador to the Lao PDR, was also present at the discussions. Bilateral relations on cultural and scientific sector were raised in the discussions. The two sides exchanged views and experiences on the field for the exclusive success of the implementation of cultural agreements between the two countries. The visiting delegation of the PRB arrived here on 8 January for a friendship visit. [Text] [Vientiane KPL in English 0859 GMT 12 Jan 85 BK]

**BULGARIAN DELEGATION'S DEPARTURE--**Vientiane, 14 January (KPL)--A delegation of the Department for Cultural Relations with Foreign Countries of the Foreign Ministry of the Bulgaria led by its deputy-head S. Konstantinov left here on 12 January ending its 5-day visit to the Lao PDR. [Sentence as received] During its stay the delegation held talks with the Lao side on cultural and scientific cooperation between the two countries. The delegation also called on some Lao leaders during its visit here. [Text] [Vientiane KPL in English 0906 GMT 14 Jan 85 BK]

**FRG AID MATERIALS--**Vientiane, 12 January (OANA-KPL)--An aid from the Federal Republic of Germany's Government made up of 2,150 corrugated iron sheets and a quantity of nails was handed-over yesterday to Laos. The aid, presented by charge d'affairs A.I. of the FRG Embassy, Friedrich Wilhelm Arends, was received by Khamneen Phanthavong, member of Vientiane administrative committee. Noupnan Sitphasai, vice-chairman of the State Planning Committee, was also on hand. Previously, the FRG presented a 120-ton barge to the Lao Government through the international interim Mekong Committee. [Text] [Vientiane KPL in English 0903 GMT 12 Jan 85 BK]

**CAMBODIAN PHOTO EXHIBITION--**Vientiane, January (KPL)--The Ministry of Culture in collaboration with the People's Republic of Kampuchea Embassy to Laos, opened yesterday here a photo exhibition to mark the sixth founding anniversary of Kampuchea. The displayed photos show various achievements scored in

the past 6 years by the Kampuchean people. Present at the opening of the exhibition were Channai Douangboudi, member of the LPRP CC, director of the party school, president of the Laos-Kampuchea Friendship Association; Thongsing Thammavong, alternate member of the LPRP CC, minister of culture, and other senior officials. Nguon Phansiphon, the ambassador of PRK, and socialist countries' ambassadors were also present on this occasion. [Excerpts] [Vientiane KPL in English 0902 GMT 9 Jan 85 BK]

SCHOOLS WITH SRV ASSISTANCE--Vientiane, 9 January (KPL)--A hand-over ceremony of [word indistinct] kindergarten schools assisted by Vinh Phu Province of Vietnam was recently held in Luang Namtha Province. Representing the Lao side was Singkham Phanthavong, member of the party committee and head of the Educational Service of Luang Namtha Province, and the Vietnamese side was represented by Nguyen Van Dinh, deputy head of the educational service of Vinh Phu Province. [Text] [Vientiane KPL in English 0912 GMT 9 Jan 85 BK]

CONSTRUCTION PROJECTS IN 1984--Vientiane, 9 January (KPL)--The bridge-road construction company N-1 of the Ministry of Transport and Post, since August of 1984 has exerted much efforts in fulfilling its tasks. During this period, the company built two warehouses, seven workers and three experts' lodgements. The company also completed clearing and preparing the building site of the Sebanghiang River bridge. The company has so far installed concrete mixture machines and transported over 140 tons of bridge construction material to the site. Sebanghiang bridge on the highway N 9 linking the Lao Savannakhet Province to the Vietnamese Danang Port is 205 long [as received] and 10 metres wide. The building of the bridge capable to support the load of up to 80 tons is being assisted by the USSR Government. The bridge construction is expected to finish by the end of this year. For its part, the stone grinding unit of Saannakhet Province, in 1984, supplied 2,45 cubic metres of pebbles, 54,500 cubic metres of sand and [figure indistinct] cubic metres of latterite to various construction companies of the province. [Text] [Vientiane KPL in English 0913 GMT 9 Jan 85 BK]

ROADS, BRIDGES IN KHAMMOUANE--Vientiane, 11 January (KPL)--The public work service of Khammouane Province, in 1984, repaired 400 kilometres of road and 12 bridges. Meanwhile, 12 hamlets of Nakeo Village, Sanasomboun District, Champassak Province, last year constructed 18 km of inter-village road. [Text] [Vientiane KPL in English 0907 GMT 11 Jan 85 BK]

CSO: 4200/412

MALAYSIA

# IRAN DENIES AIDING MALAY POLITICAL PARTIES

Kuching SARAWAK TRIBUNE in English 10 Dec 84 p 1

[Text]

**KUALA LUMPUR, Sun. — The Iranian Embassy here today denied assumptions of Iran giving financial aid to certain political parties in Malaysia.**

A spokesman of the Embassy said "the Iranian government definitely does not have any hand in this matter (giving of the aid)."

"This is not the first time our country has been accused (of this) by local authorities. The accusation is groundless," he said.

He was commenting on reports that the government is monitoring financial aid from other countries to political parties in the country to determine whether the aid was for the purpose of opposing the government and undermining its policies.

Deputy Home Minister Encik Radzi sheikh Ahmad had said the government would not hesitate to take action if the aid was given for

such purposes.

Encik Radzi had disclosed that PAS was among the political parties receiving aid from foreign sources.

When asked whether the Iranian Embassy here had ever been approached by any political party for such aid, the spokesman denied having any knowledge on the matter.

He also did not know whether the ambassador had received any note of protest from Wisma Putra regarding the matter.

Recently it was reported in a foreign magazine that about 1,000 Malaysians were receiving military training in Iran. Foreign Minister Tengku Ahmad Rithauddeen had said the government would take necessary action if the report was proven to be true.

He had also expressed hope that the Iranian Government would do something about certain groups in Iran which were maintaining contact with extremists in PAS.

MALAYSIA

EDITORIAL NOTES COMMUNIST FAILURE AMONG MALAYS

Quoting SARAWAK TRIBUNE in English 7 Dec 84 p 4

Editorial]

Text] **I**t is a well established fact that the failure of the communists to seize power in Malaysia, despite a struggle lasting nearly 40 years, is largely due to their failure to gain the support of the Malay community. In fact, the number of communist adherents from any of the non-Chinese races in the country has always been minimal and this largely thwarted the communist attempts to portray their struggle as some form of nationalistic uprising.

As far as the Malay community is concerned, the communists not only failed to gain their support but instead gained their undying hatred, not only because of the many brutal attacks they committed but also because the Malay community generally, well understands that communism and Islam cannot, under any circumstances, co-exist. The Malays also know only too well that the communists, once they have gained power, persecute all religious groups as part of their avowed belief in atheism.

The communists are, however, persistent if nothing else and they have tried many different tactics to win over the Malay community to their ideology, always failing utterly.

The latest reported attempt of the communists to gain the support of the Malays is that they have formed a wing of their party utilising distorted Islamic teachings and portraying the communists as the champions of Islam.

Such an attempt is bound to fail just as all

previous attempts to subvert the Malays have failed but, the present circumstances being what they are, the authorities will have to pay careful attention to this latest communist ruse.

The trend towards Islamic extremism that has emerged in various parts of the country has caused considerable confusion among many simple Malay villagers and has also caused a schism in the Malay community. In circumstances such as this, the communists are likely to find their chances of misleading the people are better than they have ever been. By using subtle arguments and twisted religious teachings, they may well be able to dupe many Malays into accepting their interpretation of events and religion and into giving them their support.

If the communists do indeed succeed then the greater responsibility for this will rest on the shoulders of those political fanatics who have resorted to using Islam as a means to gain power.

It is little wonder, therefore, that the government is so concerned about religious extremism and is doing all it can to eliminate this problem. The greater majority of the citizens of the country, naturally enough, will support whatever steps the government takes to deal with this situation and will look forward to the elimination of this festering problem once and for all before incalculable harm is done to the country.

CSO: 4200/381

MALAYSIA

GOVERNMENT MOVES TO BOOST POPULATION GROWTH

Kuala Lumpur BUSINESS TIMES in English 7 Dec 84 p 3

[Article by Khalid Jaafar]

[Text] THE government may have to limit the distribution of contraceptives as one of the possible measures to check the declining rate of population growth, it was disclosed yesterday.

While this possibility cannot be discounted, Datuk James Ongkili, the Minister in the Prime Minister's Department, stressed that no firm decision has been made yet on the measures to be adopted to tackle the problem.

The government could also withdraw subsidies in family planning programmes in line with the current policy to reduce government expenditure. The distribution of contraceptives in Malaysia is subsidised.

Speaking to the Press after opening the seminar on population and demographic issues in Malaysia industrialisation at Port Dickson yesterday, Datuk Ongkili explained such measures might reduce the preference towards smaller family size.

The objective of 70 mil-

lion population size in the next 115 years still could be achieved. However, as family income increases fertility rates tend to decline, the minister explained.

This was because the two children per family limit was favoured only by those in the higher income bracket representing some 25 per cent of Malaysia's population.

The rest of the population still preferred to have more than two children, especially those living in rural areas, said Datuk Ongkili.

In fact the government's hope of achieving the 70 million population target would rest on this population group which preferred bigger family size and live on an extended family basis, he added.

"However, we cannot be sure the next generation of this group would still exhibit similar preference for bigger family size as shown by their parents," Datuk Ongkili said.

It was likely that the younger generation

would choose the reverse due to improvement in family incomes and postponement of marriage as a result of longer schooling years.

There was a possibility that they would prefer the extended family as against nuclear family which was the characteristic of developed societies, the minister said.

According to Datuk Ongkili, the government hoped the population growth rate would gradually decline to 1.3 per cent a year by the year 2035 to allow for allocation of resources to reach its optimum level.

However, as the country's productive capacity increased, the government hoped the population growth rate would increase to two per cent until the population stabilised at 70 million in the 2100.

He argued that a big population was not necessarily harmful to development. On the contrary, with a diligent and hard-working population, bigger size could contribute toward higher rate of de-

velopment.

The minister also stressed that the government was in no hurry to achieve the 70 million population level as the government was aware of the social and economic implications of such population size.

However, Malaysia could not be satisfied with the present declining population growth rate. Although the trend was difficult to reverse, measures to reduce the decline need to be considered.

"We should learn from the experiences of countries like West Germany, France and the United States where the population growth rate is negative. These countries have to rely on foreign labour which had resulted in serious social and economic problems," he added.

Various incentives had been implemented in these countries to increase the population fertility rates but all the efforts had not been successful to reverse the population trend.

CSO: 4200/381



MALAYSIA

#### GOVERNMENT TO MONITOR IRANIAN MILITANTS

Kuala Lumpur NEW STRAITS TIMES in English 12 Dec 84 p 1

[Article by Nor Hawa Yunus and Sabry Sharif]

[Text] KUALA LUMPUR, Tues.--The Government wants to regulate travel between Iran and Malaysia to keep track of the Islamic republic's militant groups and local religious extremist parties and individuals.

Informed sources told the New Straits Times today that a draft proposal had been submitted to the Iranian Government early this year.

However, it could not be confirmed whether the Iranian Government had agreed to the plan.

Under the draft proposal, Teheran would inform Kuala Lumpur of Iranians visiting this country, especially those suspected of exporting revolutionary Islamic ideas. Malaysia would reciprocate.

At present, the Home Affairs Ministry is monitoring the movement of foreigners suspected of being involved in extremist activities in the country. A close watch is also being kept on financial assistance to individuals and political parties.

#### Activities

According to the sources, the Government, from time to time, submits the names of foreign nationals who have been found to have taken part in local politics to their respective embassies.

A source said: "These embassies have taken steps to stop these people from entering Malaysia.

"But a different group of militants will later come in as tourists and carry out the same activities. We are constantly watching out for these groups.

"However, there is insufficient evidence to prove that individuals and political parties here are recipients of foreign aid."

The proposal is one of the steps taken by the Government to deal with recent developments in the country concerning a certain political party and individuals who were tied with militant groups in Iran.

Members of these militant groups have been known to take part in local political gatherings including distribution of literature espousing foreign fundamentalist ideologies and putting up posters of certain extremist Islamic leaders.

Foreign Affairs Deputy Minister Kadir Sheikh Fadzir confirmed that the draft proposal had been submitted to the Iranian Government.

He explained that this was one way of reducing "tension" between the two countries in the face of allegations that Iranian militant groups were supporting the activities of local Muslim extremists.

"We have to regulate this exchange of visits so that it will not create a situation that could harm our bilateral relations," he said.

Although no formal protest note was delivered to the Iranian Government over the Iranian militant groups' interference in Malaysian affairs, the Iranian Ambassador was said to have been summoned to Kuala Lumpur last year.

The Ambassador denied any Iranian Government involvement in the activities of the militant groups.

The Ambassador gave his assurance that Iran did not want to sour its relationship with Malaysia, but it was not in a position to ensure that the activities of the militant groups were confined to Islamic soil.

However, Malaysia felt that Iran was in a position to stop the activities of these militant groups if it seriously wanted to," said a source.

Formerly Prime Minister Datuk Musa Hitam last year exposed a group of people sympathetic to Government officials, university staff members and former armed forces officers trying to turn the country into an Islamic republic.

He said the group was influenced by leaders of an Islamic republic in West Africa who claimed that Muslims should not practice the democratic system.

He added that the group sent at least eight delegations to the republic during the last three trips.

Some members had also attended at least three seminars organized by the same group in India, Sri Lanka and Bangladesh.

## LIBYA OFFERED TECHNICAL KNOWHOW

Kuala Lumpur BUSINESS TIMES in English 13 Dec 84 p 1

[Text]

MALAYSIA has offered to share its development experience with Libya under the Malaysian technical cooperation programme.

Foreign Minister Tengku Ahmad Rithauddeen said though Malaysia as a developing country still needs and receives technical assistance, it was nonetheless willing to share its development experience in the spirit of contributing to South-South cooperation.

Speaking at the signing yesterday of the agreed minutes of the second Malaysia-Libya joint commission at the guest house here, he said it marked the beginning of closer and more meaningful bilateral relations between the two countries.

The leader of the Libyan delegation to the commission, Dr Ali Treiki, who is the foreign minister, signed for his country.

Tengku Rithauddeen said both countries now need to marshal their efforts to implement and follow up on what had been agreed to.

He said the joint commission meeting which he chaired together with Dr Treiki could not have come at a more opportune time, just preceding

the official visit of Prime Minister Datuk Seri Dr Mahathir Mohamad, as it provided further fillip towards greater success of the visit.

Tengku Rithauddeen said trade between the two countries held great promise for development with the establishment of a joint holding company. Malaysia, he said, would work towards the early activation of the company.

Trade between the two countries was now negligible, representing only 0.008 per cent of Malaysia's total trade, with Libya in fact being the smallest trading partner for Malaysia among the Arab countries.

It was thus satisfying that both sides had agreed to increase trade and that Libya had shown interest towards Malaysian produce like rubber, palm oil and timber.

Malaysia, he said, could also supply manufactured and semi-manufactured goods like air-conditioners, rubber-based products, food items and electrical goods.

Meanwhile, in a joint communique issued at the end of Dr Mahathir's four-day visit, Malaysia and Libya have called on developing countries to pursue actively South-

South cooperation in the wake of deterioration of the world economic situation and failure of the North-South dialogue.

The communique said Dr Mahathir gave a briefing on the Malaysian technical cooperation programme offered to 33 countries in Asia, Pacific and Africa as a manifestation of Malaysia's commitment to South-South dialogue.

The two sides also expressed concern at the deterioration of the international situation as reflected in the tendency of some states, particularly the big powers, to resort to policies of intervention and the use of force in the conduct of international relations.

The 18-point communique said that the two sides reviewed the situation in the Mediterranean, West Asia and South-East Asia and reaffirmed their call for peace and stability in the regions, free from foreign intervention, domination and occupation.

Dr Mahathir and Libyan Prime Minister Abdussalam Jalloud in their talks agreed that Libya and Malaysia should further strengthen their ties in the economic, cultural and technical fields and in particular to promote direct trade.

Malaysia expressed

TRIPOLI, Dec 12 appreciation to Libya for sponsoring the International Islamic University and in agreeing to provide assistance to the university whose growth and development would benefit Muslims in Asia and the Pacific.

The two sides expressed conviction that material well-being alone could not bring peace and happiness and emphasised the importance of spiritual upliftment through active support for Islam.

Malaysia and Libya agreed to foster greater unity not only among Islamic governments but also among Muslims everywhere and to work toward making the Muslim ummah a dynamic force for peace and spiritual and material well-being.

Dr Mahathir, answering questions at a short Press conference at the guest house just before leaving, said it was difficult to establish unity and solidarity among the Islamic brotherhood because of differences of opinion.

What was important, he said, was to overcome the differences and try to bring about general well-being of the ummah as a whole.

MALAYSIA

#### JOINT CALL WITH LIBYA FOR SOUTH-SOUTH COOPERATION

Kuala Lumpur BUSINESS TIMES in English 13 Dec 84 p 2

[Text] TRIPOLI, Wed.--Malaysia and Libya have called on developing countries to actively pursue South-South Co-operation in the wake of deterioration of the world economic situation and failure of the North-South dialogue.

A joint communique issued here at the end of the four-day official visit by Prime Minister Datuk Seri Dr Mahathir Mohammad states that the two countries underlined the importance of the South-South dialogue in the face of failure to establish a new international economic order.

The communique says Datuk Seri Dr Mahathir gave a briefing on the Malaysian technical cooperation programme offered to 33 countries in Asia, the Pacific and Africa as a manifestation of Malaysia's commitment to South-South dialogue.

The two sides also expressed concern at the deterioration of the international situation as reflected in the tendency of some States, particularly the big powers, to resort to policies of intervention and the use of force in the conduct of international relations.

The 16-point communique says that the two sides reviewed the situation in the Mediterranean, West Asia and South-East Asia and reaffirmed their call for peace and stability in the regions, free from foreign intervention, domination and occupation.

#### Apartheid

The communique covers the question of the Palestinian people, apartheid and the Namibian issue.

On bilateral matters, Libya noted that the visit was an important landmark in the development of brotherly relations between the two countries.

Datuk Seri Dr Mahathir and Libyan Prime Minister Abuuswaim Jalloud in their talks agreed that Libya and Malaysia should further strengthen their ties in the economic, cultural and technical fields and in particular to promote direct trade.

Cso: 4200/381

MAKASSAR

## JOINT FIRM TO BOOST TRADE WITH LIBYA

Kuala Lumpur BUSINESS TIMES in English 12 Dec 84 p. 1

[Text]

TRIPOLI, Dec. 11  
MALAYSIA and Libya  
have agreed to set up a  
joint holding company to  
facilitate trade, invest-  
ment and other commer-  
cial activities.

The company will be  
set up in Kuala Lumpur  
with a paid-up capital of  
\$10 million by the Malay-  
sian Overseas Invest-  
ment Corporation  
(MOIC) and the Libyan  
Arab Foreign Investment  
Company, each taking up  
an equal stake.

A delegation from Li-  
bya will visit Malaysia  
some time in February to  
work out details of the  
company's structure, its  
articles of association  
and other things.

This is one of the con-  
crete outcomes of the vi-  
sit by Prime Minister Da-  
tuk Seri Dr Mahathir  
Mohamad to Libya.

In addition, Libya had  
agreed to buy 4,130  
tonnes of Standard Ma-  
laysia Rubber (SMR)  
from the Malaysian Rub-  
ber Development Corpor-

ation (Mardes) worth  
about \$100 million, in ad-  
dition to \$1.5 million for the  
US\$400 million tyre fac-  
tory at the Tapani indus-  
trial area here.

Dr Mahathir visited  
the factory yesterday  
apart from two others in  
the vicinity, a plant as-  
sembling trucks and  
buses and another as-  
sembling tractors.

Set up two years ago  
with West German tech-  
nology, the factory  
which can use up to 100  
tonnes of rubber a year,  
now importing its rubber  
from Europe.

There was also a possi-  
bility of Libya importing  
palm oil from Malaysia  
and Malaysia buying oil  
from Libya, Dr Mahathir  
added.

Officials told *Berita*  
that there was also a  
possibility of a "swap" ar-  
rangement under which  
Malaysia would buy urea  
from Libya and Libya  
buy processed and semi-  
processed timber from  
Malaysia.

CSO: 4200/381

MALAYSIA

JOINT PROJECTS SIGNED WITH EGYPT

Kuala Lumpur, BUSINESS TIMES in English 13 Dec 84 p 4

KUALA LUMPUR, Wed.--Malaysia and Egypt have agreed to establish joint industrial and other projects in Egypt with emphasis on palm oil, rubber and timber industries.

Egyptian Prime Minister Imam al Mubarak Ali said. Datuk Seri Dr Mahathir Mohamad has given a list of arms and equipment manufactured in Egypt for consideration with a view to possible purchases.

Dr Ali said Egypt was keen on "expanding bilateral relations and developing economic and commercial co-operation."

He said this after their first round of formal talks.

The talks, which lasted more than two hours, dealt with bilateral ties, the Palestinian problem, the Iraq-Iran war, the situation in Afghanistan and Cambodia.

"The views of the two countries on these questions are identical," Mr Ali said.

He said it was agreed that Malaysia would import more Egyptian goods to redress the balance of trade.

Dr Mahathir earlier met with President Hosni Mubarak for one hour and said afterwards he had invited the Egyptian leader to return the visit.

Dr Mahathir and Mr Ali began their first round of formal talks after the meeting with Mr Mubarak. The Egyptian side included Foreign Minister Ahmed Kamel Morsi-Goud and Defence Minister Field Marshal Mohammed Abdel-Halim Abu al-Haj.

OSU: 85001091

MALAYSIA

SAUDI WOOD PURCHASES UP

Kuala Lumpur BUSINESS TIMES in English 14 Dec 84 p 4

[Article by Hamidah Hamid]

[Text] EXPORTS of Malaysian timber products to Saudi Arabia increased from 76,100 cubic metres valued at \$17.5 million in 1979 to 113,048 cubic metres valued at \$30.4 million in 1982, making it the biggest importer of Malaysian timber products among West Asian countries.

Saudi Arabia is thus an attractive market for Malaysian timber products in view of its substantial requirements of wood-based building materials under its Second and Third Development Plans.

In fact, Saudi Arabia is a vast market for other timber exporting countries too.

Maskayu, a monthly bulletin of the Malaysian Timber Industry Board, Ministry of Primary Industries, says market prospects for timber in Saudi Arabia are encouraging despite falling prices and the effects of the global recession.

The massive Saudi Arabia government spending of 500 billion riyals (\$300 billion) in the 1975-1980 period and the expected expenditure of 100 billion riyals (\$60 billion) in the next planned period of 1981-1985, together with the 28,150 riyals (\$18,500) per capita income, indicate that there will still be considerable opportunities for Malaysian exporters in this market.

Though Saudi Arabia's rapid infrastructure expansion for roads, electricity, housing and telecommunications has been completed, demand for timber will be sustained at the present level due to large maintenance works carried out in the industrial and agricultural sectors.

The bulk of Malaysian timber exports to Saudi Arabia continues to be ungraded sawn timber though recent years have seen a decline in the export of the product. However, it still contributes 65 per cent of total sawn timber exports of Peninsular Malaysia of 98,128 cubic metres.

Exports of graded sawn timber, which were minimal prior to 1980, rose from 13,544 cubic metres in 1980 to 33,708 cubic metres 1983. This does not include Malaysian timber shipped through Singapore.



Last year, 750,000 cubic metres of sawn timber was exported to Singapore from Peninsular Malaysia and exports from Singapore to Saudi Arabia totalled 41,410 cubic metres.

Exported sawn timber in Saudi Arabia is used as scaffolding, concrete formwork at ports, usually softwood. However, there is a growing market for hardwood as the use of these has been accepted in this sector.

For the furniture and joinery sectors, softwood is principally used although banyan is used for parts such as frames and architraves. A potential market also exists for the Malaysian meranti, which can substitute red pine for joinery purposes.

Malaysia faces stiff competition for plywood from Korea, Taiwan and since 1981, Indonesia, which has captured a large share of the Saudi market due to its price competitiveness. Between 1981 and 1983, plywood exports from Indonesia world-wide has increased by almost three-fold from 150,000 cubic metres to 400,000 cubic metres.

Malaysia will have to remain competitive in terms of quality and price, whilst ensuring reliable delivery. As most of Malaysia's exports to Saudi Arabia are shipped through non-conference vessels, higher freight rates often add to the cost.

End: 11/06/84

MALAYSIA

## OIL RESERVES UP WITH NEW DISCOVERIES

Kuala Lumpur NEW STRAITS TIMES in English 15 Dec 84 p 9

[Text]

DESPITE increased production, Malaysia's oil reserves have grown from 2.6 billion barrels in 1983 to 2.9 billion barrels this year, the Dewan Negara was told yesterday.

Minister of Justice Datuk Dr James Ongkili, replying to a question from Senator Datuk G. Pasamanickam, said the increase in reserves came mainly from new fields.

He said Petronas Carigali (the oil exploration arm of Petronas) had so far discovered five fields — the Malong, Resah, Meranti, Beranang and Dulang fields.

Datuk Dr Ongkili, who is also Minister in the Prime Minister's Department, said the increase in crude oil production in recent years was necessary to help improve the nation's financial, economic and balance of payments position.

Up to January this year, crude oil production from reserves located off the east coast of Peninsular Malaysia amounted to 1,731 million barrels.

He said that with an estimated daily production rate of 210,000 barrels, crude oil reserves in the area were enough to last another 23 years.

Petronas planned to step up its oil production efforts in Malaysian waters and was finalising and getting its board to approve a new set of production sharing contract terms which would be more attractive to foreign oil companies.

CSO: 4200/381

MALAYSIA

BRIEFS

**TRADE SURPLUS WITH PHILIPPINES**--According to the Ministry of Trade and Industry's quarterly review INTISARI DAGANG, Malaysia recorded a trade surplus of 102 million ringgit with the Philippines during the first 6 months of 1984. This figure is an increase of 13.6 percent over 1983. Malaysian exports in the first half of 1984 totalled 307 million ringgit, out of which 51 percent consisted of crude petroleum. The Philippines increased its import of palm oil. [Summary] [Kuala Lumpur Domestic Service in English 1130 GMT 12 Jan 85 BK]

**TRADE DEFICIT DECREASED**--Peninsular Malaysia slashed its trade deficit for the first 10 months of 1984 to 271 million ringgit from 2,449 million ringgit in the previous corresponding period. The gap between exports and imports for the period under review is closing. Imports rose from 23,555 million ringgit to 25,565 million ringgit during the January to October 1984 period, while exports rose more sharply from 21,105 million ringgit to 25,294 million ringgit. Trade with Singapore resulted in a deficit of 692 million ringgit, which is much lower than the 1,018 million ringgit deficit in the previous year. [Summary] [Kuala Lumpur Domestic Service in English 1130 GMT 10 Jan 85 BK]

**INCENTIVE FOR FOREIGN INVESTMENT**--Prime Minister Mahathir Mohamed told news- men in Kuala Lumpur on 12 January that the government is prepared to relax certain conditions to attract foreign investments in the country due to the poor growth in the last 2 years. According to the prime minister, the relaxation of certain conditions will spur greater growth, which is vital for the realization of the objective of the New Economic Policy. The foreign investments will be domestic in nature. [Summary] [Kuala Lumpur Domestic Service in English 1130 GMT 12 Jan 85 BK]

**MILITARY AGENCY PRIVATIZED**--The Royal Malaysian Air Force aircraft overhaul depot in Subang, near Kuala Lumpur, became the first military establishment to be privatized when it was officially handed over to (Air Road Limited) today. The company is a subsidiary of the Aerospace Industry Malaysia (AIM), which was launched in 1983. AIM is a tripartite organization consisting of the Malaysian Airline System, United Motor Works, and the Ministry of Defense. (Air Road) is a joint venture between AIM and Lockheed Aircraft Services of the United States with the local company holding 51 percent equity. Its initial paid up equity is 67 million ringgit. The chief of the RMAF, Datuk

Mohamed Ngah Said, handed over the RMAF overhaul depot to the chairman of the AIM, Datuk Haji Mohamed Amir Haji Yaakob, at a ceremony in Subang. [Excerpt] [Kuala Lumpur Domestic Service in English 0800 GMT 11 Jan 85 BK]

NEW THAI AMBASSADOR--The paramount ruler on 16 January received the credentials of the new Thai ambassador to Malaysia, Mr Chawan Chawanit. His majesty says that Malaysia is confident that the understanding and close relations between the two countries will be an impetus for achieving ASEAN's desire to create a zone of peace, freedom, and neutrality in Southeast Asia. [Summary] [Kuala Lumpur International Service in English 0800 GMT 16 Jan 85 BK]

VIGILANTE CORPS SCHEME--The Sabah Ministry for Social Services will set up a vigilante corps in 1985 under its social communications program. A ministry spokesman said that Peninsular Malaysia had implemented a similar plan earlier. Persons 15 years of age and older will be registered while adult males 16 years of age and older will have to perform patrol duties in their respective sectoral districts. [Summary] [Kuala Lumpur Domestic Service in Malay 1230 GMT 15 Jan 85 BK]

CSO: 4213/113

AUSTRALIA CABINET CHANGES MAY FAVOR WELLINGTON

Auckland THE NEW ZEALAND HERALD in English 13 Dec 84 p 7

[Text]

Sydney

**The changing of the guard in the Australian Ministry of Trade could prove to be a long-term bonus for New Zealand, according to well-informed observers in Canberra.**

The former Finance Minister, Mr John Dawkins, a protégé of Mr Hawke's who takes over the trade portfolio from the Deputy Prime Minister, Mr Lionel Bowen, is known as an economic pragmatist and a free trader.

The young West Australian is regarded as being "pretty well disposed" to New Zealand and is less philosophically inclined to protect Australian industry.

**Vigorous**

Mr Bowen, who replaces the politically accident-prone Mr Gareth Evans as Attorney-General, is from the old Labour school and while he was pushing Australia's policy of breaking down international trade barriers, was stuck with the incongruous situation of trying to protect Australian jobs and industry from foreign competition.

"We will see a vigorous trade policy under Dawkins and his attitudes might not please the interventionist school in the Trade Department although the change has been well received

there," said one observer.

"The Australian Government has adopted a conscious policy of not going around the world pounding trade department desks, but even so Bowen did not push Australia's trade access case too vigorously overseas.

"It is not so much what Dawkins has done but what he has not that will be of relevance to New Zealand.

**Technology**

"The only problem is that New Zealand will have to stand in line to get its issues explained as he works his way into the job."

The cabinet changes, which have been widely hailed as a brave attempt by Mr Hawke to produce a hard-nosed cabinet, now sees soul-mates in the two most important portfolios relating to New Zealand trade.

The move of Mr Dawkins to trade is regarded as complementing the Trade Minister, Senator John Button, who has also had technology added to his portfolio.

Mr Button has favoured the deregulation of Australian industry and has also been well disposed to New Zealand, and was heavily involved in the Australian side of negotiations on the New Zealand car industry plan.

The changes have also left Mr John Kerin as Primary Industry (agriculture) Minister, and he too has had increasingly important dealings with New Zealand.

Three other men who will be of increasing importance to New Zealand are the Treasurer, Mr Paul Keating, who has already taken a sympathetic line on New Zealand investment in Australia and is expected to grant one of the limited number of foreign bank licences to New Zealand's National Bank, the Foreign Affairs Minister, Mr Bill Hayden, and Mr Hawke himself.

The last two will assume higher profiles on the New Zealand horizon as the Anzus row comes back on the boil in the leadup to the annual Anzus conference in Canberra in late July.

NEW ZEALAND

## OPPOSITION LEADER PREDICTS 17-PERCENT INFLATION

Christchurch THE PRESS in English 13 Dec 84 p 6

[Text]

Wellington  
Inflation will reach 15 per cent for the year ending June, and could go to 17 per cent if fringe benefits increased pay settlements to 9.2 per cent during the present wage round, said the Leader of the Opposition, Mr McLay, yesterday.

Mr McLay predicted that both business leaders and trade unions would build such inflationary expectations into their future costing and wage demands.

Addressing the Wellington South Rotary Club, Mr McLay said that the Government would have trouble making medium-term plans in the business sector, even though there was a lot of money about and the internal economy was reasonably buoyant, particularly for export oriented industries.

Even before the wage round began last week, predictions on the rate of inflation for the year to June, 1985, ranged from 12 to 14.9 per cent, he said.

"However all of those calculations were based on a wage round of between 4 and 5 per cent."

The Government had been instrumental in arranging settlements of between 6.4 and 7.02 per cent, and those figures were likely to drift even higher, particularly since the unions were still free to negotiate for fringe benefits.

"On the most optimistic projections, inflation to the June year will now be around 15 per cent," said Mr McLay.

"Should the over-all figure drift as high as 9.2 per cent, the independent economic research group, Infometrics, has calculated that the rate inflation will be as high as 17 per cent."

That had not been done and it was reasonable to assume that all of the benefits would have been lost early in the 1985-86 financial year.

"Prices are leaping and will continue to rise," said Mr McLay.

Increases in electricity bulk-tariff rates would not just affect the consumer but also farming.

Such inflationary expectations would in turn influence wage demand and future costs.

The benefits of devaluation had to be locked in in the months immediately after the decision was made to adjust the exchange rate, he said.

Freight charges would rise significantly as a result of the 46 per cent increase in road-user charges.

The Budget had removed, in a full financial year \$290 million of support from New Zealand farmers, rising to \$500 million next financial year.

A significant recession would hit some pastoral farming areas which would have implications for provincial towns and cities, and, ultimately, for metropolitan areas as well in 12 to 18 months, Mr McLay said.

In spite of the "Govern-

ment's aim of a decreased deficit, the fiscal deficit was likely to remain high.

"This year's figure is \$241 million higher than it would have been under the previous Administration," Mr McLay said. The wage round had itself added about \$100 million for the 1985-86 fiscal year, and if inflation was above 15 per cent that would in itself keep the deficit at a fairly high figure.

"The Government must fund that deficit, and that will also impose some pressure on interest rates," said Mr McLay.

The Government was chasing its own tail in the area of monetary policy. The need was to maintain a tight control on the money supply and credit growth, but exchange and interest rates were actually attracting funds into New Zealand. The Government then had to "mop up" with high interest rate. Government stock to meet its monetary policy aims.

CSO: 4200/374

NEW ZEALAND

#### GOVERNMENT HOLDS FIRM ON MONEY POLICY

Auckland [The NEW ZEALAND HERALD in English] 13 Dec 84 Sec 3, p 1

[Text] The Government's continued acceptance in stock tenders of interest rate yields around the 17 per cent mark is a clear signal of its determination to stick with its monetary policy.

And it can be interpreted as an indicator of making measured progress towards conditions to float the New Zealand dollar from a position of strength should it decide to take that step.

It can also indicate that a dollar float--however one interprets that--is not as imminent as some in the marketplace perceive.

Inasmuch as the tenders soak up foreign exchange through the sale of Government stock--some of it through New Zealand buyers marketing stock abroad--it builds up overseas reserves and reduces the need for direct Government overseas borrowing.

About 50%

The country's foreign exchange reserves are now around the \$N24 billion mark and the strongest they have ever been.

They amount to about three months of present overseas payment spending rates. That is about two international norms.

The reserves are invested in a spread of currencies giving interest margins and exchange offsets against costs of an offshore debt that is around the \$16 billion mark.

They also provide greater flexibility in rescheduling foreign debt.

The \$4 billion/three-month reserves margin is a far cry from the lows of less than a month reached in the past.

[Quoted] The sale of Government debt securities overseas and persisting high capital inflows hold potential for secondary credit expansion.



Maybe, but the official view sees the drift at least in the interest rate level.

The Reserve Bank has noted signs of a slowdown in credit growth in the past few months, but the figures are apparently not yet regarded as conclusive.

There are prerequisites to a collar (but not less so) -- beyond the buildup of foreign exchange reserves, trading interests rates and freeing the over-land borrowing abroad and foreign borrowing in New Zealand.

They include increasing foreign exchange dealer numbers and their liquidity, reserves levels in what are described as moves to deepen and streamline the market.

That takes time; foreign exchange dealing outside the trading banks began only late last year.

#### Confidence

The foreign exchange controls themselves, which have been in place a long time, can take time to relax while creating confidence of freedom.

While high capital inflows from overseas can threaten domestic monetary control in the long haul, there seems official confidence that they can be contained with Government resolution to sell the debt securities at whatever price (interest rate) is required.

Reliable sources indicate the Government is intending a deliberate strategy -- strengthening the foreign exchange market, improving foreign confidence and taking steps to reduce foreign exchange restrictions.

More deregulation moves in this area appear to be on the way.

It seems clear the Government is not prepared to be rushed into a full float. The measured movement seems clearly indicated by the outline of action on debt sales to as far out as next March (and this week by the appointment of the Reserve Bank ahead of the stock market result).

It would be surprising if government ministers do not have some substantial papers on the exchange rate issue for consideration after Christmas dinner.

CSO: 4200/374

NEW ZEALAND

THE NEW ZEALAND GOVERNMENT HAS ANNOUNCED A NEW

PROPOSED NEW ZEALAND DEBENTURE IN JANUARY 1985

GOVERNMENT OFFICIALS ANNOUNCED YESTERDAY WELCOMED THE GOVERNMENT'S EFFORTS  
TO IMPROVE THE AUTO INDUSTRY. SOME COMPANIES CLAIMED THE PRICE OF LARGER  
AND THE GOVERNMENT.

THE GOVERNMENT HAS OFFERED A NEW 10 PER CENT INTEREST RATE ON THE PRICE OF A NEW  
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CAR.

## Ability

He said increased access for completely built-up vehicle imports would ensure the consumer got the best-priced product.

But the changes did not guarantee a percentage of the New Zealand market for completely built-up vehicles.

"The market share they take is dependent on the ability of New Zealand industry to compete on both price and quality," said Mr McDonald.

The managing director of the Ford Motor Company, Mr Joe Auton, also welcomed the new plan, saying his company had advocated the return to a flat rate of sales tax.

The plan was a comprehensive document which would benefit motorists as well as the assembly and component industries.

## Assembly

However, he cautioned motorists not to expect further price reductions. While the industry was a competitive one, it faced many cost pressures, including overseas content price rises, currency fluctuations and increasing local costs.

It appeared that the new plan would allow the company to retain its assembly operations at Lower Hutt and Auckland.

"While it is unlikely there will be any expansion of the plants in the short term, some investment in modernising production is possible," said Mr Auton.

As vice-president of the Australia-New Zealand Businessmen's Association, Mr Auton said he had been an ardent advocate of an automotive CER agreement being negotiated before the introduction of a New Zealand industry plan.

## Clear Path

He said it was to the credit of Mr Caygill that there was now an automotive CER.

The managing director of Todd Motors, Mr John Todd, said the plan gave the industry a clear path for planning and ended four years of uncertainty.

"The plan presents new challenges and opportunities for the industry with improvement in performance and efficiency the keynote for the future," he said.

The new plan is to come into effect as a whole on January 1, although the sales tax changes took effect from midnight. Changes in tariff levels will take effect officially from tomorrow, after being gazetted today.

No new legislation was required to implement the changes.

CSD: 4200/374

NEW ZEALAND

EDITORIAL LAUDS EEC BUTTER REVERSAL

Christchurch THE PRESS in English 15 Dec 84 p 20

[Editorial: "Order in World Trade"]

[Text]

The European Economic Community has taken a step towards order and away from chaos in international trade. The Community has rescinded the regulation which permitted E.E.C. traders to export butter at prices below the minimum prices set by the General Agreement on Tariffs and Trade international dairy agreement. This is good news for New Zealand. New Zealand led the argument against the E.E.C. in a special meeting of a G.A.T.T. committee and was strongly supported by Australia and the United States.

The argument advanced by New Zealand and its supporters was legally and morally compelling; and the E.E.C. does not like to be seen to be acting either illegally or without regard to morality. The argument was reinforced by the impatience which has been displayed towards the E.E.C. by the United States. Had the E.E.C. not been prepared to rescind the regulation which enabled traders to sell the butter cheaply, the world would have been closer towards a trade war.

The same pressure that drove the E.E.C. to rescind that regulation may be slowly driving the world towards a new round of trade negotiations under G.A.T.T. There is, as yet, no universal or even widespread acceptance of the idea of new trade negotiations; but, if the choice is between a trading conflict and trade negotiations, further talks would be the happier outcome for all concerned. In a round of trade negotiations, the countries which are associated with G.A.T.T. would meet and make offers to reduce protection in their own markets in return for access to the markets of others. The rules governing trade through G.A.T.T. are complex, but the principle is generally that preferred access is not granted by one country to another, though some trade agreements, such as the Closer Economic Relations agreement between New Zealand and Australia, are acceptable. Everyone is thus seen to benefit.

and the tides of protectionism, if not actually turned, are held back.

Although rules get broken, trading under G.A.T.T. regulations means a semblance of order in world trade. There is little reason to doubt that a full-scale trade conflict would mean chaos. The United States and the E.E.C. countries would be the major combatants, with Japan on the fringes. All would store up huge surpluses of their products and would attempt to sell as much in one another's markets, and in the rest of the world, as their financial, industrial, and agricultural capacities could win them.

In the end, markets in the rest of the world would amount to spoils to be divided. New Zealand, which exports a lot for the size of its population, would be one of the countries worst hit, but would be only one among many. Some economies would be devastated.

One of the first strong indications that a new negotiating round of G.A.T.T. might be held came at the Williamsburg summit meeting of the seven major industrialised nations in May, 1983. The declaration from that meeting included an agreement to "continue consultations on proposals for a new negotiating round." The Prime Minister of Japan, Mr Nakasone, has also asked for preparations for a new G.A.T.T. round to begin. The E.E.C. so far has seemed reluctant to begin negotiations before 1986. The United States wants preparations for negotiations in 1985, and seems prepared to use its trading strength to get its way. The less developed countries are reluctant to move quickly. The newly industrialised countries, such as Brazil, Singapore, and South Korea, are worried lest they lose some of the preferential treatment

they have now.

The main items on the agenda for a new round remain uncertain. The United States and Japan could be expected to press for discussion of trade in high-technology products. The United States would almost certainly want trade in services to be included. The New Zealand attitude to a new round has been governed largely by the intentions of the major trading nations that fair regulation of trade in agricultural products will be pursued vigorously. Agriculture has been raised in G.A.T.T. negotiations before. Substantial subsidies are provided by many countries to their agricultural producers. The production of industrial exports generally receives only small subsidies. This imbalance has still to be tackled by negotiation. As an efficient producer of agricultural products for export, New Zealand has a huge interest in insisting that less efficient producers drop their subsidies.

The optimistic view is that industrial trade has moved much faster and that agricultural trade will one day catch up. A pessimistic view is that agriculture will always be different. It is a view New Zealand has to do everything it can to refute. The present visit to New Zealand by the director of the agricultural division of G.A.T.T., Mr Jean-Marc Lucq, of Switzerland, as a guest of the New Zealand Government, is one way of helping to dispel that view. Mr Lucq himself accepts the New Zealand position. His second visit to New Zealand should help reinforce his arguments in G.A.T.T. that the same rules should apply to agricultural production and trade as apply to trade in manufactured goods.

SECRET

SECRET

SWEDISH AND NORWEGIAN PRESS (Stockholm) editorially expressed its opinion  
14 January that the people of these two countries had the right to decide  
whether or not to accept the American nuclear missile program. The  
editorial also expressed opposition to the American missile program  
verdict of the people. In last year's general election, the  
this opposition. The Swedish has no intention of becoming a  
continue to cultivate its U.S. friendship. The Norwegian has not  
national trial blurring role of the nuclear issue. (End)

OSD. 0604/174

7717713

REPORTAGE ON 1-4 DECEMBER 1984 LPE (207177) IN MANILA

**Bigornia Criticizes LPE**

Manila BULLETIN TODAY in English 1 Dec 84 pp 4, 6

[Article by Jesus Bigornia]

[Text] Today, a Soviet front group known as the World Peace Council and its local affiliate, the Philippine Peace and Solidarity Council, launched a propaganda blitz at the University of the Philippines at Diliman. Organizers have somehow arranged to dignify the occasion, a gathering of self-proclaimed nationalists. They have arranged address by a mayor, a member of the Batasang Pambansa, and the president of the State University. But the real drama will eventually be acted out by the Soviet-backed Farther Communist in the Philippines (Philippine Communist Party) and other noted friends of the Soviet Union, including the president of the World Peace Council, Ramesh Chandra.

As in all such gatherings, one might expect the thrust to be anti-U.S., anti-U.S.-imperialism, anti-Israel, and others. No mention whatsoever of Soviet expansionism in the region, of Soviet nuclear missiles in Vietnam and Sakhalin Island is expected. If these so-called "world personalities" wish to spread the Soviet propaganda line among themselves, by all means let them. But when they pretend to be an academic forum in which Philippine youth learn and possibly believe some of the half-truths espoused, that would be well for the Voices must be raised against them.

**PRAVDA Report**

Moscow PRAVDA in Russian 4 Dec 84 p 1

[Article by IZVESTIYA correspondent L. Kuznetsov: "Peace for the Planet"]

[Text] The International Conference on Problems of Peace in East Asia and the Pacific Ocean Region, the first such type in Southeast Asia, will soon start.

It was convened in Manila on the initiative of the Philippine Council for Peace and Solidarity, with the participation of delegations from many other countries of the region, guests from other continents as well as the World Peace Council represented by its president, R. Chandra.



The declaration adopted contained an appeal to people to maintain vigilance in the face of intrigues of the enemies of peace.

A delegation from the Soviet Committee for the Defense of Peace took part in the work of the conference.

During these days a wave of meetings, demonstrations and gatherings under the slogan for the defense of peace has rolled through the Philippines. A participant in one of these, bus driver Jose Mandigalan, living in the city of Olongapo, reported: "There were more than 5,000 people. We gathered in front of the American base at Clark Field, the largest in this region of the world. From there the bombers flew to Vietnam. The Americans call the entrance to the base the 'Gates of Friendship' but we call them the 'Gates of Hell,' since nuclear death lurks behind them. We demanded the removal from our land of all 23 military bases, including Clark Field and Subic Bay."

#### Distancing From U.S. Seen

[Moscow] (NSC) NLS in English Weekly No 51, 1964 p 7

[Article by Yuri Lugovskoi: "ASEAN at 'Hell's Gate'"]

[Text] Manila, the capital of the Philippines, was recently the scene of an international conference on peace problems in Southeast Asia and the Pacific. Participants present expressed concern over the growing threat to peace and security in that region.

Observers noted that it was the first public forum of the kind to be held in Southeast Asia on the initiative of an ASEAN country (ASEAN being a regional economic association comprising Indonesia, Malaysia, the Philippines, Thailand, Singapore, and Brunei). Since the said countries traditionally belong to the "free world" which is "protected" by the United States, the U.S. military presence in Southeast Asia has up to now been regarded as the chief guarantee of their security.

The Manila conference, however, has proved that the ASEAN countries are beginning to see the arms race forced on them by the United States from a different angle. Prime Minister Mahathir bin Mohammad of Malaysia used the epithet "absurd" to refer to the actions of those who in the age of space weapons still believe that the best way to preserve peace is to prepare for war.

Such sentiments on the part of the ASEAN member-countries can hardly be to the liking of the Washington strategists. In U.S. imperial policy, that region has assumed the role of a bridgehead in fighting the USSR and other socialist countries. Therefore, Washington seeks to consolidate its military presence in Southeast Asia by turning ASEAN into a military bloc under U.S. auspices. Plans are afoot to link ASEAN up with ANZUS, and the emerging Washington-Tokyo-Seoul military alliance.

Plans of this sort have been in the air for years. The United States has got a goodly lot in the Philippines, the Clark Field air and the Subic Bay naval bases

being the largest in Asia. Now Americans are planning to set up bases in Thailand. As long as this question is pending on the agenda, Washington does not grant military aid to Bangkok, which is expected to run into 110 million dollars in 1985.

Nor does it neglect the other ASEAN countries. According to the foreign press, direct U.S. military aid to ASEAN has almost tripled in recent years. There has been a change, too, in the distribution of funds. Whereas earlier American credit was used to purchase conventional arms, now it is spent on improved weapon systems and strategic arms, including the F-16 fighter bombers. Even the tiny city-state of Singapore has been pressed into basing an airspace surveillance AWACS aircraft.

Washington is also activating other forms of military ties with ASEAN, such as wide-ranging war games, unification of armaments and even the introduction of joint "emergency" planning. There has been speculation about the creating of joint "defence forces" for the Strait of Malacca--a regional military structure headed by the United States.

During the close on 20 years that ASEAN has been in existence, its leadership has staunchly opposed the idea of the association being turned into a military bloc. Their overseas patron is well aware of the fact that the ASEAN member-countries will not dash for the American "umbrella" of their own free will. Therefore, Washington emissaries are always there to insinuate that "Russians are treacherous" as are the Vietnamese, and to frighten ASEAN by talking of the "dramatic growth of the Soviet military presence in the Asian and Pacific region." To raise tension in Southeast Asia, all sorts of ploys are resorted to, including the invented "Kampuchean question."

Yet the volleys of lies and libel fired from Washington prove to be increasingly wide of the mark. Many statesmen from the ASEAN countries are beginning to speak openly of the threat deriving not from the USSR or Vietnam, but from the Pacific, where the revived Japanese militarism is making itself increasingly felt.

Great significance was attached to the participation of a delegation of the Soviet Peace Committee at the Manila conference. In their speeches the members of the delegation explained the Soviet Union's peace policy, including its policy in the Far East and Asia. The delegates to the conference expressed their approval of the USSR's efforts aimed at halting the arms race, first and foremost, the nuclear weapons race, and at preventing the militarization of outer space.

The Clark Field base whose gates are adorned with the sign "Friendship Gates" is as thousands of Filipinos as low-paid unskilled labour. They call the gates "Friendship Gates," because lying in wait behind them is nuclear death which life itself may attract a retaliatory strike.

The Manila conference has proved that the people in other ASEAN countries also view the U.S. military collaboration which has been forced upon them as "Friendship Gates."

PHILIPPINES

FORMER OFFICIAL URGES MARCOS TO DISSOLVE PARLIAMENT

Manila BULLETIN TODAY in English 12 Dec 84 p 8

[Article by Rod Villa Jr.]

[Text]

Former Education Minister Onofre D. Corpuz said yesterday President Marcos must dissolve Parliament to determine its strength and viability as a political process in the Philippines.

"Until the President finds occasion to do this supreme act of political renewal and improvement, our government will continue to be a presidential system in substance, and parliamentary in form only," Dr. Corpuz said.

A well-known political scientist and intellectual, Corpuz broke his silence shortly before his resignation on Dec. 15 last year. His resignation was triggered, among others, by his opposition to the restoration of the vice presidency.

Corpuz said the President might find time to dissolve Par-

liament at a conducive moment. This may come in 1985 when the economy would improve and the people are at peace, he said.

Such an act, Corpuz said, would prove that Mr. Marcos "is very much on top of the situation, that he is in control of the Kilusang Bagong Lipunan, the majority party of the land."

He bewailed the "great resistance of KBL members to this parliamentary procedure."

"The trouble with most of them is that to resign is a fatal act," Corpuz said.

There should be no fear of a parliamentary dissolution since it is well known that the KBL has the situation tightly under control, said Corpuz who is known to be among those who wrote the "magna carta" of the New Society.

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AMERICAN DAILY VIEW UNDER THE LAMP

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AMERICAN DAILY VIEW UNDER THE LAMP

and the most natural representative was Assemblywoman Edith Rabat who was the only lady available for the First Lady, Mrs. Imelda R. Marcos, who could not come for understandable reasons. Mrs. Rabat is a "natural" as First Lady--and for many reasons: beauty and brains--and she is of course one, as First Lady of Davao Oriental, where her husband is now the undisputed political kingpin.

END: 4/20/77

PHILIPPINES

DAVAO ARCHBISHOP, RUC XI COMMANDER HOLD TALKS

Davao City THE MINDANAO DAILY MIRROR in English 12 Dec 84 pp 1, 6

[Text]

Davao City—The Church and the military, traditional adversaries, yesterday morning showed a marked willingness to hold regular bilateral discussion for peace.

In a two-hour dialogue characterized by candor and openness, Archbishop Antonio Li Mabatias and Regional Unified Command (RUC XI) commanding general Brig. Gen. Jaime C. Echeverria, together with priests, nuns and military officers, tread sensitive points that caused the growing strain in Church-military relationship.

Mabatias said the strained relationship may have stemmed from so much wrong information by military intelligence on the activities of the Church, coupled with the parishioner's lack of understanding of the soldier.

He pointed out that the information problem begins when "special missions" by several military units are not coordinated. "We continuously get reports of deployment of battalions in different areas in the region and we don't know why they're there."

Placing undue strain are military intelligence reports on the alleged assistance given by priests and nuns to NPA subversives. "When a priest helps a fellowman he doesn't choose nor ask who the one in distress is," he explained.

General Echeverria agreed that while "it would be un-Christian to turn one's back to

people in distress, it would help both of us more if such help is not extended in secrecy."

A wounded NPA terrorist given medical attention by the Church can always go back to the barangay and say the priests and nuns are on the side of the communists. "And that's just propaganda material for our enemy," he pointed out. In fact, Echeverria added, nothing stops a government soldier from treating a wounded enemy except the danger of entrapment.

At the same time, the general expressed deep concern over the "seeming inability of many of us to see the real issues affecting the peace and order situation in the region." He went on to say that "there is not a war between our government soldiers and the NPA communist terrorists but rather a psychological and ideological war between democracy and communism." And unless we are misled by propaganda, I cannot see any difficulty in choosing which side to take, he said.

Mabatias also urged the military to take a strong posture against known enemies of the State if only for the sake of lasting peace in the region. He was referring to the statement of Gen Echeverria that while the NPA and the MNLF will always try to seek and establish tactical alliances with any sector—including the Church and the military—the government will never make any compromise with any of these lawless groups.

Logan Title THE BUSINESS DAILY HERALD in Tallahassee 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2040 2041 2042 2043 2044 2045 2046 2047 2048 2049 2050 2051 2052 2053 2054 2055 2056 2057 2058 2059 2060 2061 2062 2063 2064 2065 2066 2067 2068 2069 2070 2071 2072 2073 2074 2075 2076 2077 2078 2079 2080 2081 2082 2083 2084 2085 2086 2087 2088 2089 2090 2091 2092 2093 2094 2095 2096 2097 2098 2099 2100 2101 2102 2103 2104 2105 2106 2107 2108 2109 2110 2111 2112 2113 2114 2115 2116 2117 2118 2119 2120 2121 2122 2123 2124 2125 2126 2127 2128 2129 2130 2131 2132 2133 2134 2135 2136 2137 2138 2139 2140 2141 2142 2143 2144 2145 2146 2147 2148 2149 2150 2151 2152 2153 2154 2155 2156 2157 2158 2159 2160 2161 2162 2163 2164 2165 2166 2167 2168 2169 2170 2171 2172 2173 2174 2175 2176 2177 2178 2179 2180 2181 2182 2183 2184 2185 2186 2187 2188 2189 2190 2191 2192 2193 2194 2195 2196 2197 2198 2199 2200 2201 2202 2203 2204 2205 2206 2207 2208 2209 2210 2211 2212 2213 2214 2215 2216 2217 2218 2219 2220 2221 2222 2223 2224 2225 2226 2227 2228 2229 2230 2231 2232 2233 2234 2235 2236 2237 2238 2239 2240 2241 2242 2243 2244 2245 2246 2247 2248 2249 2250 2251 2252 2253 2254 2255 2256 2257 2258 2259 2260 2261 2262 2263 2264 2265 2266 2267 2268 2269 2270 2271 2272 2273 2274 2275 2276 2277 2278 2279 2280 2281 2282 2283 2284 2285 2286 2287 2288 2289 2290 2291 2292 2293 2294 2295 2296 2297 2298 2299 2300 2301 2302 2303 2304 2305 2306 2307 2308 2309 2310 2311 2312 2313 2314 2315 2316 2317 2318 2319 2320 2321 2322 2323 2324 2325 2326 2327 2328 2329 2330 2331 2332 2333 2334 2335 2336 2337 2338 2339 2340 2341 2342 2343 2344 2345 2346 2347 2348 2349 2350 2351 2352 2353 2354 2355 2356 2357 2358 2359 2360 2361 2362 2363 2364 2365 2366 2367 2368 2369 2370 2371 2372 2373 2374 2375 2376 2377 2378 2379 2380 2381 2382 2383 2384 2385 2386 2387 2388 2389 2390 2391 2392 2393 2394 2395 2396 2397 2398 2399 2400 2401 2402 2403 2404 2405 2406 2407 2408 2409 2410 2411 2412 2413 2414 2415 2416 2417 2418 2419 2420 2421 2422 2423 2424 2425 2426 2427 2428 2429 2430 2431 2432 2433 2434 2435 2436 2437 2438 2439 2440 2441 2442 2443 2444 2445 2446 2447 2448 2449 2450 2451 2452 2453 2454 2455 2456 2457 2458 2459 2460 2461 2462 2463 2464 2465 2466 2467 2468 2469 2470 2471 2472 2473 2474 2475 2476 2477 2478 2479 2480 2481 2482 2483 2484 2485 2486 2487 2488 2489 2490 2491 2492 2493 2494 2495 2496 2497 2498 2499 2500 2501 2502 2503 2504 2505 2506 2507 2508 2509 2510 2511 2512 2513 2514 2515 2516 2517 2518 2519 2520 2521 2522 2523 2524 2525 2526 2527 2528 2529 2530 2531 2532 2533 2534 2535 2536 2537 2538 2539 2540 2541 2542 2543 2544 2545 2546 2547 2548 2549 2550 2551 2552 2553 2554 2555 2556 2557 2558 2559 2560 2561 2562 2563 2564 2565 2566 2567 2568 2569 2570 2571 2572 2573 2574 2575 2576 2577 2578 2579 2580 2581 2582 2583 2584 2585 2586 2587 2588 2589 2590 2591 2592 2593 2594 2595 2596 2597 2598 2599 2600 2601 2602 2603 2604 2605 2606 2607 2608 2609 2610 2611 2612 2613 2614 2615 2616 2617 2618 2619 2620 2621 2622 2623 2624 2625 2626 2627 2628 2629 2630 2631 2632 2633 2634 2635 2636 2637 2638 2639 2640 2641 2642 2643 2644 2645 2646 2647 2648 2649 2650 2651 2652 2653 2654 2655 2656 2657 2658 2659 2660 2661 2662 2663 2664 2665 2666 2667 2668 2669 2670 2671 2672 2673 2674 2675 2676 2677 2678 2679 2680 2681 2682 2683 2684 2685 2686 2687 2688 2689 2690 2691 2692 2693 2694 2695 2696 2697 2698 2699 2700 2701 2702 2703 2704 2705 2706 2707 2708 2709 2710 2711 2712 2713 2714 2715 2716 2717 2718 2719 2720 2721 2722 2723 2724 2725 2726 2727 2728 2729 2730 2731 2732 2733 2734 2735 2736 2737 2738 2739 2740 2741 2742 2743 2744 2745 2746 2747 2748 2749 2750 2751 2752 2753 2754 2755 2756 2757 2758 2759 2760 2761 2762 2763 2764 2765 2766 2767 2768 2769 2770 2771 2772 2773 2774 2775 2776 2777 2778 2779 2780 2781 2782 2783 2784 2785 2786 2787 2788 2789 2790 2791 2792 2793 2794 2795 2796 2797 2798 2799 2800 2801 2802 2803 2804 2805 2806 2807 2808 2809 2810 2811 2812 2813 2814 2815

Symposium: Diversity and Health

Free-tied by Metropolitan  
police shortly after the  
strike the strikers reportedly ad-  
mitted having been caught by the  
dispersal teams for forming  
a human barricade but refused  
to identify their leaders. They  
however admitted that among  
those caught were GORD ALBERTA  
JULIANA SAMAHIN and JIM



took part in the mass action

Most of those arrested came from Agdao and Babuyan districts. Metredisgan said the women, inmates and those 48 years old and above were ordered freed by Brig. Gen. Francisco S. Tan-Gatue Jr., regional commander of RECOM XI here.

CSO: 4200/371



Memphis, Tenn., reported for police officers' official duties a 1.5 percent to 3.4 percent decline.

100: 2300/17V

PHILIPPINES

THE PHILIPPINE OIL SUPPLY

Manila Bulletin Today in English 17 Dec 74 p. 20

(Text)

Major oil suppliers to the Philippines have agreed to renew their deferred credit arrangements with the country's three oil companies even as the People's Republic of China in Yantai emerges as another major source of crude oil supply.

Highly placed industry sources said that oil supply contracts clinched by Philippine oil companies were much beyond the normal 30-day credit terms and assured the country of a continuous supply pipeline for the coming year.

The sources said that despite the country's foreign exchange crisis, oil suppliers, notably from the Organization of Petroleum Exporting Countries (OPEC), agreed to renew such contracts in view of an oil glut in the world market. Local companies have

earlier managed to stretch their supply contracts covering a period of as long as 180 days.

However, with the continuous drop in oil consumption, 150 sources said, oil companies have limited their sources of crude oil. Moreover, the sources said some of these suppliers are pressured by the OPEC as an organization to extend longer credit terms following an agreement to cut down production.

The sources said that Mexico, a non-OPEC member, has also "politely" turned down the request of state-owned Philippine National Oil Company (PNOC) to supply oil on a deferred payment scheme. It was gathered that Mexico cited its current financial situation for turning down the Philippine request.

With traditional sources of oil supplies limited to a certain extent, the sources said China filled in the gap with increased oil exports.

The sources said China's oil supplies to the Philippines, through the state-owned China National Chemical Import and Export (Sinochem), shared 12 percent or 5.76 million barrels of the country's total importations of 48 million barrels during the first three quarters of the year.

China's "Shanghai" crude supply to the country is up from last year's importations which merely accounted for seven percent of the total in a whole year basis.

Another new supplier to the Philippines is Brazil which, together with Indonesia, an OPEC member, is expected within several months.

PHILIPPINES

SUGAR COMMISSION CONFIRMS OUTPUT FALL

Manila PHILIPPINES DAILY EXPRESS in English 13 Dec 84 p 19

[Article by J. C. Concepcion]

[Text]

The country's sugar production is expected to drop by 21.3 percent to 1.81 million metric tons in crop year 1984-1985, Philippine Sugar Commission forecasts have shown.

Actual production in the 1983-1984 crop season which ended last September was placed at 2.3 million metric tons equivalent to 36,468,634 pounds.

Areas planted to sugar are also expected to drop by 5.52 percent from 405,000 hectares in the last crop season to 382,644 hectares during the current crop year.

The decline in hectares of sugar has been attributed primarily to the inability of many sugar farmers to get production loans to finance their operations and to shift to more profitable crops.

Failure of many sugar producers to settle their obligations to the banks because of the depressed prices that they had been getting for their produce has discouraged them from getting fresh credit lines from banks.

Because of this, many sugar producers were forced to stop their production. The depressed price of sugar in the world market also discouraged many producers from planting sugar in favor of other crops, the production of which is strongly being encouraged by the government.

Philaucom still could not say the regions where areas planted to sugar will be reduced as statistics are still being sorted out.

Industry sources, however, said the bulk of the areas that

were not planted to sugar this crop season is located in the Negros provinces where many sugar producers and mills have gone bankrupt.

An increasing number of bankrupt mills with obligations to government-owned financial institutions, like the Philippine National Bank, are being foreclosed because of the inability of their owners to pay back their loans.

PNB has already foreclosed about 14 sugar mills and has set up the Philippine Sugar Corp. to manage and operate these mills prior to their eventual disposal to interested private buyers.

Industry sources said more mills are facing foreclosure by the PNB because of the mounting predicament of the industry.

PHILIPPINES

NORTHERN LUZON NPA ENCOUNTERS TAKE SIX LIVES

Manila PHILIPPINES DAILY EXPRESS in English 13 Dec 84 p 3

[Text] FIVE New People's Army guerillas and a fireman were killed in two separate encounters Sunday and Monday in Northern Luzon, belated reports reaching Camp Aguinaldo yesterday said.

Col. Tirso Gador, Cagayan PC provincial commander, identified the slain fireman as Domingo Meman Jr. He was killed in an NPA ambush Sunday in Barangay Bagay, Tuguegarao.

C2C Francisco Mallilin, Gador said, was with Meman when they were ambushed. He was able to shoot back at the ambushers, killing one of them, Gador said. The slain rebel was not identified.

IN ANOTHER encounter, four NPA guerillas who tried to cross the boundary of Cagayan province to Ilocos Norte were killed by government troops last Monday.

Brig. Gen. Tomas Dumpit, Ilocos regional unified commander, said the rebels engaged the government troops in a two-hour firefight near Barangay Lablabig, Claveria, Cagayan.

Documents captured show that the rebels were members of the NPA Sandatahang Yunit Pampropaganda, Dumpit said.

MEANWHILE, military authorities in Bacolod City identified the two Scout Rangers wounded in an ambush by NPA rebels last Saturday as Pfc. Rolando del Rosario, 26, of Nueva Ecija and Pfc. Felix Deza, Jr., of Iloilo.

Military authorities said the two were members of a team returning from a combat patrol in Moises Padilla town to Isabela when they were ambushed by some 30 rebels near the boundary of the two towns.

Still in Negros Occidental, military authorities yesterday denied that they picked up some persons who joined a march at Abuan in Baco City last Sunday and Monday.

IN ANOTHER development, the army's 23rd Brigade in Camp Ranao, Marawi City, has offered P120,000 for the capture, dead or alive, of Panutungan

Jalilsal Jabar, alias "Kumander Narra," of the Moro National Liberation Front (MNLF).

Col. Abraham C. Manuel, brigade commander, said Narra is the leader of the Third Zone of the MNLF revolutionary command committee in Lanao del Sur.

CSO: 4200/371



PHILIPPINES

1984 COCONUT EXPORT EARNINGS UP OVER LAST YEAR

Manila BULLETIN TODAY in English 13 Dec 84 p 20

[Article by J. C. Concepcion]

[Text] Earnings from the exports of coconut products reached \$740.2 million during the first 11 months of the year, a 16.9 percent increase over the same period last year, Philippine Coconut Authority (PCA) Chairman Rolando de la Cuesta said yesterday.

The industry improved its foreign exchange earnings during the period despite a 35 percent decline in the volume of exports primarily because of the good prices of coconut products in the world market, he said.

He expressed fears, however, that the current price of 42 cents a pound for coconut oil in the export market may not be sustained in the coming months be-

cause of indications that foreign buyers may have been shifting to the use of cheaper substitute oils like palm kernel oil.

The PCA chief, however, could not say to what extent the price of coconut oil will drop by next year. The highest price that coconut oil fetched in the export market was last October when it reached 65 cents a pound.

Export shipments of different types of coconut products slowed down last month because of the ill effects of the series of typhoons in the last couple of months and the drought last year.

He said volume of exports last month dropped by 24.5 percent while export

earnings for the month similarly declined by 12.3 percent to \$55.5 million from the \$62.9 million level last October.

Despite the slowdown of export shipments, De la Cuesta expressed optimism that the \$816 million target export earnings for this year will be achieved.

He said production this year will reach only 1.4 million metric tons in copra terms, down by a substantial margin from the original target of 1.7 million metric tons.

The adverse effects of bad weather conditions on the output of the industry coupled with the growing senility of trees in traditionally high-producing regions like Quezon, stresses

the need for the immediate revival of the replanting program, he said.

De la Cuesta said increasing the industry's production through the replanting program will help ensure the big foreign exchange contribution of coconut exports to the economy.

The PCA chief said some P200 million will be collected in 1985 by the agency from the 10 percent proceeds of the export taxes on coconut products.

This amount, plus the P70 million that has been collected since middle of last year, will help start the replanting program while PCA is still looking for other steady sources of funds for the program.

PHILIPPINES

**MORE CLASHES WITH NPA, DEATHS REPORTED**

Manila BULLETIN TODAY in English 13 Dec 84 pp 1, 2

[Article by Isidro M. Roman]

[Text] Fifty persons, including 31 suspected members of the New People's Army (NPA), were killed in the last few days even as dissidents clad in fatigue uniforms burned to death nine people in Solana, Cagayan.

Lt. Gen. Fidel V. Ramos, acting Armed Forces chief of staff, released a report of the burning of three PC soldiers, two members of the Civilian Home Defense Forces (CHDF), a barangay captain, and three other civilians in barangay Nambutoan, Solana, Cagayan.

Ramos identified the victims as T/Sgt. Orlando Caffed, S/Sgt. Danilo Baous, Sgt. Barolo Sularpa, CHDFs Benjamin Balanay, Alfredo Balanay, Barangay Capt. Romualdo Corsino, Jose Balanay, Jerry Balanay, and Alfredo Agana.

In separate incidents, Maj. Gen. Josephus Q. Ramos, Philippine Army chief, said 31 members of the NPA, eight troopers, and two militiamen were killed in encounters in Zamboanga del Sur and Davao del Norte.

Men of the 33rd Infantry Battalion killed 20 NPAs and lost eight of their comrades in a gunbattle with an estimated 200 armed men in Babuan, Zamboanga del Sur, last Dec. 1. The troopers seized 12 high-powered firearms.

In Davao del Norte, two sections of Bravo company of the First Scout Ranger Regiment under Capt. Rogelio D. Asuncion and 2Lt. Crisanto L. Morillo killed six NPA rebels in an encounter at Tuburan, Mawab, while verifying reported presence of armed men in the area under a certain Commander Cesar.

Five magazines with ammunitions, two stetosopes, three civilian packs were recovered.

In barangay Pandasan, Tagum, five men were killed by CHDF men while on combat patrol. Two CHDF members identified as Felix Chavez and Victoriano Chavez were killed during the encounter. A Carand, carbine, and M16 were recovered.

CSO: 4200/371

PHILIPPINES

DAVAO DEL NORTE NPA CLASH KILLS 19

Davao City THE MINDANAO DAILY MIRROR in English 13 Dec 84 pp 1, 8

[Text]

An officer of the First Scout Ranger Regiment (FSRR) was killed with six of his men in a fierce gunbattle with NPA terrorists at about 3:00 p.m. yesterday at Barangay Caso-on, Monkayo, Davao del Norte.

FSRR commander, Col. Teodoro Facelo, in an initial report to RUC-XI chief, Brig. Gen. Jaime C. Echeverria, said 12 NPA terrorists were also confirmed dead.

Col. Facelo identified the First Scout Ranger Regiment officer as Capt. Edwin Aranya. The identities of the six soldiers were not made available to the press pending notification of their families.

No details of the encounter were disclosed as the government troops were still pursuing the retreating NPA terrorists.

Meanwhile, the branch manager of the Davao Savings Bank in Digos, Davao del Sur, was arrested at his residence by a team led by Capt. Melchisedec Baggio, of the 434th PC Company for subversion at about 9:00 a.m. yesterday, this was reported by Davao del Sur PC-INP provincial commander and police superintendent Col. Laudemer Kahulugan.

Col. Kahulugan said the bank manager, Billy Camocamo, was arrested on the strength of a warrant of arrest issued by Municipal Trial Court Judge R. D. Marasigan of Digos.

A vehicle owned by the Davao Savings Bank was also im-

pounded by the PC for having allegedly been used by the Sparrow Unit of the NPA in several liquidation missions. The bank vehicle Toyota Corona car was described as colored fire red, with tinted glass, bearing serial number NR LBS 122.

According to Kahulugan, the bank manager had hosted a PLENUM or CPP meeting at his house where he also attended and actively participated.

The bank vehicle was also used by Sparrow Liquidation hitman such as Alfredo Tabanao, alias Comdr. Charry or Comdr. Saudi, alias Comdr. Edwin who up to now remained unidentified, Rodolfo Parantar, alias Comdr. Alan, Ronald Morales and alias Comdr. Brix.

The said Sparrow Unit hitmen were already killed in an encounter with military operatives last month.

The bank manager is now lodged in jail and is under tactical interrogation.

Recom XI commanding general Dionisio S. Tan-Gatue, said he will make available to the press once the results of the tactical investigation on Billy Camocamo are declassified.

It is possible that the bank manager's link to the subversive elements has something to do with the bank's liquidity problem in Digos.

-- Rudy Calansingin  
Cesar Culson  
Michael Perater

PHILIPPINES

#### DAVAO BANK MANAGER ARRESTED FOR NPA CONNECTIONS

Davao City PEOPLE'S DAILY FORUM in English 13 Dec 84 pp 1, 8

[Text] A bank manager was arrested for alleged subversion by constabulary troopers in Digos, Davao del Sur yesterday.

Arrested was one Billy Camocamo, manager of the Davao City savings bank for Digos branch. He was arrested on the basis of a warrant of arrest for alleged subversion issued by the municipal judge of the criminal circuit court.

Also confiscated from Camocamo was his Toyota "Corona" car which is being utilized allegedly by members of the Sparrow Unit, a dreaded liquidation squad of the New People's Army.

Col. Laudemer Kahulugan, Davao del Sur PC commander and INP superintendent, said that Camocamo's connections with the NPAs is very serious. He has been holding regular meetings with the NPAs in his house. His house has become the center of NPAs meetings in their terroristic and subversive activities in the province, he said.

The arrest of Camocamo came after a series of surveillance by the military. Camocamo was earlier linked by members of the Sparrow Unit who were captured during a gunfight with the Davao del Sur PC command in Digos.

Five sparrows were killed in that encounter but some were captured alive.

Those captured alive spilled the beans on Camocamo's linked to the NPA movement in the province.

Camocamo is now detained in the PC barracks of Davao del Sur where his car was also impounded.

Meanwhile, Brig. Gen. Jaime Echeverria, RFT chief for region XI, declared today that the military has adopted a no-compromise stance against subversives and dissidents of the NPAs.

This decision was reached upon a meeting of all military officers of Mindanao with President Marcos in Malacanang the other day.

The general said that the military have already exceeded its maximum tolerance and this time there will be no more compromise with the dissidents.

This means, the general said, that the military will be launching an offensive against the subversives this time.

"As long as there is positive evidence that one is connected with the subversives, the military will run after him," the General said.

CSC: -200/371

PHILIPPINES

RADIO VERITAS ON PROGRAM TO HONOR 'VICTIMS OF OPPRESSION'

HK171206 Manila Radio Veritas in Tagalog, 0900 GMT 17 Jan 85

[Text] We would like to invite all those who love freedom to attend a program which is being organized by some opposition groups, under the sponsorship of CORD [Coalition for the Restoration of Democracy], to be held at the St Joseph Auditorium in Quezon City on 26 January. This is to honor all those who have fallen in the service of their country, victims like Benigno Aquino and Cesar Chilaco, as well as the journalists, workers and students who have been salvaged [term for murder by the military] by those in power. Awards will also be given to those of our brothers who are languishing in detention for crimes which they have not committed. Let us all join in this worthy cause and attend this program so that those in power will know that we honor those who have fought and are fighting for our country's freedom.

CSO. 4211/28

PHILIPPINES

RELIG

COMMISSION CHAIRMAN, DEPUTY JUSTICE MINISTER--President Marcos has appointed Deputy Justice Minister Jesus Borromeo as the new chairman of the Civil Service Commission. Borromeo will replace the previous chairman, who died last August. The president also named Member of Parliament Manuel Garcia as deputy justice minister. [Text] [Manila Far East Broadcasting Company in Tagalog, 1000 GMT 12 Jan 85 HK]

CSO: 4211/23



THAILAND

CHIT FUND OPERATIONS DESCRIBED, COUNTERMOVES NOTED

Auckland THE NEW ZEALAND HERALD in English 14 Dec 84 p 6

[Text]

**An interest rate of 6.5 per cent on deposits sounds woefully modest by current New Zealand money-market standards. But 6.5 per cent a month? That works out at a compounded return of 113 per cent yearly.**

And that is the top rate offered, at least until recently, on varying sums invested in Thailand's underground money market.

Small wonder that the flourishing funds, accumulating a vast and powerful pool of cash outside the conventional banking system, grew to the point where their prospective collapse could destabilise the entire fiscal system of the kingdom.

Small wonder, too, that authorities have now intervened—although cautiously, for a peremptory crackdown carried clear risks of toppling the country's shaky banking system.

### **Royal Decree Signed**

The precise size of the pool is undocumented. At their peak, about September, the so-called chit funds were estimated to have attracted deposits totalling as much as \$750 million, although the amounts involved have

since diminished as official and private concern grew.

A month ago, King Bhumibol signed the Chit Fund Royal Decree, requiring all chit fund operations involving more than \$385,000 to cease operations within a year.

The interval of a year is intended to allow participants in such money games to recover at least some of their investment.

In essence, the chit funds are pyramid schemes, or chain letters. Lucrative interest, even if only 6 per cent flat a month (say, 101 per cent as an annual rate), is payable because the funds rely on fresh money from new depositors to meet interest obligations.

Indeed, it has been common practice for the funds to make their interest offered conditional upon depositors persuad-

ing other investors to put money into the given fund as well.

Although the royal decree has still to be ratified by the national Parliament, it carries legal effect and bears penalties, for breaches, of from five to 10 years' imprisonment, plus fines of up to \$77,000.

Empowered to arrest any suspects for questioning and demand any documents connected with chit-fund operations, the Finance Ministry has already formed a team of 52 officials to trace the financial activities in question.

But it is still all a matter of some delicacy. Even while the Government was trying to avert what one Bangkok newspaper said "could be the biggest scandal of the century," General Arthit, commander-in-chief of the military forces, championed

the Mae Chamoy money game.

Mae (mother) Chamoy is Mrs. Chamoy Thipso, who runs the best known chit fund in the land. Indeed, after Queen Sirikit, she has become perhaps the most celebrated woman in Thailand.

## 'Oil-share' Business

The wife of a retired Royal Thai Air Force officer, Mrs. Chamoy has herself been a long-serving state servant but resigned earlier this year from the Petroleum Authority of Thailand—the national oil company—where she was a clerk.

Apparently for that reason, her fund is also known as the "oil-share" business.

She is believed to have attracted several hundred million baht, the local currency, from armed forces personnel. Much of her funding has traditionally come from Air Force officers and their families.

More recently, her legions of investors are reported to have expanded to include other military officers, police officials, senior civil servants and members of the public.

Mrs. Chamoy admits having lost many customers as a result of adverse publicity for chit funds but claims that her business is functioning "as usual."

Of General Arthit's defence of her operation, she says, "I am glad there are still some fair-minded people in this land."

Of the special decree, she declares, defiantly:

"Go ahead and make sure I'm finished. Only then will you learn that I don't go down alone."

That is precisely what still worries monetary authorities.

## Suggestions Bizarre

To avoid penalties stipulated in the special decree, part of the Mae Chamoy oil-share business may be converted into a welfare fund for the Air Force, with the balance maintained as a separate welfare fund returning interest rates within ceilings set by monetary authorities.

Banks in Thailand are permitted to pay a mere 14 per cent a year on deposits.

Just where the chit fund deposits have been re-invested remains obscure and is a prime concern of the investigators. Bizarre suggestions that some have financed spot oil sales to Vietnam, or sundry illicit export-import deals, have been discounted.

Much of the remaining money, perhaps a total of \$115 million, now seems to be on deposit with various commercial banks, including the Thai Military Bank, in savings accounts. There, it earns as little as 9 per cent annual interest.

With interest-and-principal repayment obligations of up to \$40 million monthly, with the inflow of new cash now dwindled, and with some effective deposit rates at least tenfold those of relending rates, the hazards are manifest.

Mrs. Chamoy's fund started about 16 years ago;

some smaller imitations are perhaps a decade old. Ironically, however, they gained their great impetus only recently, after the Thai Government had to take over the troubled Asia Trust Bank, unnerving conventional savers.

At one stage, Mrs. Chamoy was estimated to have tens of thousands of followers. She made substantial donations to charity through General Arthit (who publicly denied any connection with her business) and appeared at charity functions, one chaired by a member of the royal household, with top people.

## Outlawed Pyramids

While she teased deposits from many of the kingdom's top brass, some of the biggest Thai corporations also plunked spare cash in her fund.

Nevertheless, potential patronage was of no avail when the Government determined that the pyramids should be outlawed, and existing ones wound up, before they collapsed under their own weight.

One cabinet member observed that operators normally kept enough cash in reserve to pay off important and influential clients; small customers were likely to suffer most from any collapse.

Some lower-income depositors subsequently gathered outside Mrs. Chamoy's Bangkok home to demand their money back. One group, according to the minister, had already been asked for a month's postponement on withdrawals.

Now, chit funds must be registered by early Febru-

ary, to facilitate investigation and supervision, and must be dissolved by mid-November, 1985.

If the law sticks, that is. Some judicial opinion holds that the decree promulgated may not receive the necessary statutory ratification because many MPs involved in the operations will be reluctant to pass the bill.

As it is, the decree is less than absolute, for to ban unofficial money-market operations outright would be to destroy what has become an integral part of the monetary system.

## Big Annual Yields

For small and medium businesses, as well as private citizens, smaller chit-fund pools have long filled interstices in the banking system. They offer annual yields of 20 per cent or more, against say 12.5 or 13 per cent on commercial-bank time deposits. Loans go to the highest interest-bidder.

Even collectively, such "ordinary" chit funds are less economically awesome, more modest and less mysterious than the Mae Chamoy operation.

Mrs. Chamoy's enormous, extraordinary business is already in decline; one way or another, its days seem numbered. She insists that she has done nothing illegal; authorities have been unable to prove otherwise.

They have presented her with a \$6 million bill for back personal-income and business taxes, plus associated fines. At last report, she had still to be persuaded to pay it.

THAILAND

## GOVERNMENT SUPPORT TO FINANCE FIRMS

Bangkok THE NATION REVIEW in English 27 Dec 84 p 17

### [Text]

THE government will inject about 12,000 million baht in a "lifeboat scheme" to shore up liquidity, capital bases and operating funds into the 25 troubled finance and credit fonder firms which have joined government-controlled operations.

The Cabinet approved the massive funding sought by the Finance Ministry on Tuesday, one day after Finance Minister Sommai Hoontrakool announced that 25 firms had joined the government's rescue mission.

About 3,155 million baht will be used to boost liquidity of the firms. This fund will be loaned out on a commercial basis either through the state-owned Krung Thai Bank or Bank of Thailand.

Dr Supachai Panitchpakdi, the central bank's director for financial institutes supervision and examination department, explained to *The Nation* that this sum would be used for the first "two to three weeks" to shore up liquidity of the firms in question.

The second sum is 1,400 million baht which will be spent by the government to jack up capitals for troubled finance firms that have joined the "lifeboat scheme," wherever necessary.

"This fund will be rather long term in nature and will be returned when the individual firms could stand on their own. This amount will be taken from the central bank, guaranteed by the Finance Ministry," he said.

The third amount, at about 7,400 million baht, will be in the form of soft

loans carrying about 1% interest. The money will be used to buy government bonds which would be used as securities against the loans for troubled firms.

The Cabinet ruled that the 1,400 million baht for capitalization boost and 3,155 million baht to boost liquidity will be made available through Krung Thai Bank with the Finance Ministry serving as guarantor. The 7,400 million baht soft loans will be made through the central bank with government bonds as collaterals. Each firm will be granted the amount considered necessary to pluck it out of trouble.

Minister Sommai said on Monday that 16 companies had already transferred 25% equity and 50 voting rights to the Finance Ministry to join the "lifeboat scheme" while eight others are in the process of completing the transfer.

Dr Supachai explained that the original management pool scheme will gradually fade away as the 25 firms under this rescue mission will be linked through various other means. "For example, the Sakol Real Estate Co may have several firms in the same chain in the same scheme and they may want to operate as a group on their own. This could be carried out.

And if a certain firm in the plan is strong enough to stand on its own with the new financial aid, that, too, would be permitted. No firm will be assigned to a certain group with a definite instruction. Every firm will be considered on a case-by-case basis," he said.

THAILAND

EXPORT PROMOTION, INDUSTRIAL PRODUCTION DISCUSSED

Bangkok THE NATION REVIEW in English 1 Jan 85 p 17

[Text]

THAILAND must succeed in the industrial development policy in 1985 to raise domestic productivity in order to cope with the higher demands of consumers, as the country can no longer afford to bear further overspending on imports.

This was a statement of Deputy Industry Minister Dr Chirayu Isarangkun na Ayuthaya who spoke with *The Nation* over the prospects of the Thai economy in the new year.

"Whether the situation will be bad or good is somewhat irrelevant. But what we do know is about what we must do - that is, to expand domestic productivity," he said.

The deputy minister divided the industrial sector into two - the first comprises those which have shown the capability to produce goods according to the tastes and preferences of consumers in the overseas markets and the second is involved in the marketing of products in new areas.

The objective for the first is to make them retain their existing markets and expand to cover others successfully over a long period. "Competition is the prevailing factor and production costs will decide whether Thai firms will succeed or not," he said.

Dr Chirayu pointed out that taxation particularly on imported raw materials must be restructured to reduce the disadvantage faced by Thai industry in maintaining and increasing market share.

"For the second group of Thai industry, producers have to venture into new areas with upgraded products whose quality must be consistent. For example, processed foods must have standard quality to win consumer loyalty. Once this has been achieved, investors will be encouraged to re-invest their profits in acquiring new technology and in projects which promise higher return," he said.

"Another thing is that we must not dream but to try to understand the problems in these industries in a complete cycle. Responsible parties must go to their

work on a continuous basis because it will take time and closer cooperation between the public and private sectors," the deputy minister stressed.

Emphasis on export promotion may be too overwhelming in the minds of the public. Dr Chirayu, however, said that the domestic market is equally if not more important. "The local market is definitely more stable than overseas markets. Sources of raw materials for production to cater to local consumer, whether it be for textiles or cooking oil, are essential to the well-being of the nation."

He expressed confidence that the country's trade deficit and the balance of payments will improve in the new year. The baht devaluation in November will at least help maintain Thailand's competitive edge. "Without the devaluation, the country's competitors including Indonesia and the Philippines, which have resorted to devaluing their currencies, would surge ahead of Thailand in exports," he pointed out.

He cautioned that the important thing is to ensure that various supporting measures after the devaluation must not eliminate the overall advantages. Everybody has to sacrifice and enforce more discipline in consumption. Thai people must face the reality as otherwise more adjustments will become necessary and they will even be more worrisome.

Countries such as Japan, South Korea and Taiwan have developed through higher productivity before they began to enjoy a better standard of living. This is different from Latin America and members of OPEC

which have yet to reach that level. They are in fact suffering from overspending, Dr Chirayu said.

Dr Chirayu, whose responsibilities include promotion of small and medium-sized industries, said that the role of the Industrial Finance Corporation of Thailand is now very clear. "It will provide credit and other assistance to link production with the domestic market and once the foundation is laid, opportunities for exports will follow," he reckoned.

Commenting on the Thai economy in 1984, Dr Chirayu described it as "very open" compared to the United States or the Soviet Union as far as Thai exports and imports are concerned. And they are largely set by world prices. Agricultural exports have to make do with lower world commodity prices. "But overall, the problems have been partly due to higher domestic farm production under a favourable climate."

The year 1984, he said, also saw interesting developments in manufactured exports, particularly among many new products which found themselves in international markets. This demonstrated the ability of the Thai economy to produce a diversified range of goods and there was no need to rely on a few items of export products as in the past.

"The export performance during the first half of 1984 was good until the value of the US dollar soared and it threatened the market share of Thai products. The baht devaluation, therefore, became necessary," he said.

The high value of the US dollar undoubtedly benefited consumers. During that time many companies

achieved record-breaking sales of many items such as construction materials, electrical appliances, consumer goods and agricultural machinery. Dr Chirayu said. "In Bangkok we may feel that many firms have gone bankrupt, but the provincial economy was booming," he said.

With a cheaper credit line and a new mechanism to ensure a constant level of purchasing power of people in the province whose income can determine domestic prices of goods, the question is whether we are spending beyond our means in the light of foreign borrowing to cope with expenditure. "Has the level of domestic expenditure reached a point that we can no longer have the ability to repay the debts both at individual and national levels?" he asked.

Government policy in the past, in part, was to promote agro-based industries, export industry, labour intensive industry and industrial investment outside the Bangkok metropolitan area.

The results, he said, have fallen short of expectations because the government had to spend much of its time trying to solve immediate problems, such as those in the sugar industry in which short-term problems had to be ironed out. At the same time, the government had to lay a strong foundation for longer-term development in the industry.

"The baht devaluation immediately jacked up the loan of US\$78 million sought for the sugar industry by 400 million baht. At the same time, the industry has been able to raise sugar sales by 700 million baht in 1984 without the devaluation. This increase, however, did not include additional



costs borne by planters and millers," he said.

Thailand is not the only country which has been struggling to survive the world trade slump. Dr Chirayu said that from his overseas trip, some 144 member countries of the United Nations are all struggling. The United Kingdom, for example, has an unemployment rate of 10 per cent, while local industries are trying to protect their interests.

"But we still have opportunities. What will be needed is the cooperation of everyone to live within his or her means and promote the confidence of Thai people. Industrialized countries have confidence in ASEAN and they are also wondering why ASEAN's economic growth rate has been high," he said.

Reports on fighting along the Thai-Kampuchean border might have affected the

confidence in the country of foreigners but they are also well aware of the country's strength. During the past four years, the government has been able to achieve firmly established political harmony through cooperation with various factions including the military," Dr Chirayu pointed out.

Dr Chirayu pointed out also that the success of the Foreign Ministry to win a seat for the country on the UN Security Council has also been an important factor in building up the confidence in Thailand of the foreign community.

There are two types of foreign investors. One type knows the country well and will be able to voice his concerns on what Thailand still lacks. The other wants to begin by selling goods here but is afraid of the Japanese. "We need to point out to the latter that they must

eventually invest here to compete successfully with the Japanese. We suggested to them that they should talk to bankers and prominent local businessmen so as to get better understanding," he said.

"I would be happy that just 10 out of 100 potential investors finally come to Thailand but we need to show them that we have the facilities and can give them reasonable return for their investment."

"Among ourselves, we must become more discipline in our way of thinking and not to request exceedingly high minimum wage hikes, which increase the cost of our goods. Understanding at the national level is necessary. We do not want to see Thai people suffer but if they are unwilling to sacrifice, we will all be suffering more in the foreseeable future," he added.

#### DOMESTIC OUTPUT

|                             | 1980 | 1981  | 1982  | 1983  | 1984 | 1985 |
|-----------------------------|------|-------|-------|-------|------|------|
| <b>OVERALL GROWTH RATE</b>  | 5.8  | 6.3   | 4.1   | 5.8   | 6.0  | 6.0  |
| ● Agricultural sector       | 1.9  | 6.8   | 1.0   | 4.3   | 3.2  | 2.8  |
| ● Other sectors             | 7.1  | 6.1   | 5.1   | 6.3   | 6.8  | 7.0  |
| ● Industry                  | 4.8  | 6.5   | 4.4   | 7.3   | 6.4  | 7.8  |
| ● Mining*                   | 5.5  | - 3.3 | - 4.2 | - 0.4 | 8.1  | 18.4 |
| ● Construction              | 13.9 | - 6.5 | - 2.6 | 5.5   | 4.9  | 4.9  |
| <b>Consumer price index</b> |      |       |       |       |      |      |
| ● Inflation                 | 19.7 | 12.7  | 5.2   | 3.8   | 1.2  | 7.0  |

\* includes natural gas and Phet crude  
source: NESDB

INTERNATIONAL RELATIONS, TRADE AND AID

HANOI URGES PRC TO STOP 'CRIMES' IN BORDER AREA

OW172138 Hanoi International Service in Mandarin 1130 GMT 17 Jan 85

[Station Commentary: "China Answers Vietnam's Goodwill With Border War Escalation"]

[Text] The Chinese authorities have made another escalation in their anti-Vietnamese activities. In the past few days, the Chinese side has fired about 10,000 artillery shells on Vi Xuyen District, Ha Tuyen Province. At the same time, they sent out troops to repeatedly attack many commanding points in Ha Tuyen Province. These war activities by the Chinese side have killed and wounded many Vietnamese soldiers and civilians and destroyed many houses and much farmland belonging to the local people. Such war activities indicate that the Chinese side has not only continued to adopt a hostile attitude toward Vietnam and carry on war activities of a destructive nature against [it] refusing to change its anti-Vietnamese policy, but it has become even more hostile toward Vietnam.

Facts have shown that in carrying out their anti-Vietnamese activities, the Chinese authorities have always intensified their war activities to nibble at Vietnam's border area. At the same time, they also carry out various acts of economic and political sabotage against Vietnam in an attempt to weaken Vietnam and realize their ambition for expansion and regional hegemony. The public trial of the Chinese spy case held recently in Vietnam is further undeniable proof. These crimes committed by the Chinese authorities have made the relations between the two countries even worse. This is certainly not what Vietnam wants.

Despite China's anti-Vietnamese policy, the Vietnamese side still persistently shows its goodwill. For the past several years, since the deterioration of the Vietnamese-Chinese relations, Vietnam has always tried its very best to work hard for the restoration of the long-standing friendship and the normalization of the relations between the two countries. It is for this reason that Vietnam has always made cease fire proposals for the border region and proposals to stop hostile activities during the national days of the two countries and the Spring Festival so that the border inhabitants of the two countries might enjoy their holidays in peace. The Vietnamese side has also made repeated proposals to normalize relations between the two nations and to hold talks to solve the disputes between the two countries.



This year, the Vietnamese side again made a proposal, calling on the Chinese side to stop all armed activities for over 40 days on the occasion of the 35th anniversary of the establishment of diplomatic relations between Vietnam and China and the forthcoming Spring Festival. The Chinese side's response, shown in the 9 January 1985 statement of the Foreign Ministry, was negative. Its new crime committed in Vi Xuyen District, Ha Tuyen Province, shows that China wishes to continue promoting its anti-Vietnamese policy.

The Vietnamese side lodged a strong protest against the barbarous crime committed recently by the Chinese side in Ha Tuyen Province and demanded that the Chinese side immediately end such activities. The Vietnamese side, proceeding from an open and aboveboard sincerity for peace and treasuring the friendship between the peoples of the two countries and the wish to let the border inhabitants joyfully spend the Spring Festival with some peace of mind, will unilaterally adhere to its own proposal. At the same time, it also hopes that the Chinese side will quickly respond to this proposal. The Chinese authorities must immediately stop committing crimes in the border areas of the two countries.

CSO: 4205/14

INTERNATIONAL RELATIONS, TRADE AND AID

HANOI ENGLISH ON PRC 'ACTS OF WAR ESCALATION'

BK171419 Hanoi International Service in English 1000 GMT 17 Jan 85

[Station Commentary]

[Text] The Chinese authorities are taking new acts of war escalation against Vietnam. In recent days, they had constantly fired tens of thousands of artillery and mortar shells onto the district of Vi Xuyen in the northernmost province of Ha Tuyen. At the same time, they also made troop incursions to occupy several hilltop positions of Vietnam in the same province.

The most recent Chinese acts of war inflicted several civilian casualties and considerable property damage. This shows that the Chinese leadership has been going with their multifaceted sabotage war against Vietnam, and their hostile policy against this country has become worse.

In fact, China has already stepped up the war for land-grabbing along the Sino-Vietnamese border while conducting other anti-Vietnam activities in both economic and political fields. Their aim is to weaken Vietnam, making it possible for China's expansionist ambitions in this region. This is clear from the recent trial of the spy ring in Ho Chi Minh City. The spies had Chinese and Thai connections.

China's criminal acts are worsening the relations between the two countries. This is absolutely not what Vietnam expected. Despite China's constant hostile policy against our country, Vietnam has been showing goodwill. In successive years, Vietnam has tried its best to resume the time-honored friendship between the two countries and voiced its constant readiness to normalize relations with China. That also explains why every year, on the occasion of the national days and the traditional lunar new year festival of the two countries, Vietnam always proposes a cease-fire along the border region of both countries so that peoples of both countries can celebrate their festive days.

For several times, Vietnam has proposed on the normalization of the Sino-Vietnamese relations as well as talks to solve disagreements in the relations between the two countries. This year, Vietnam again proposed a 41-day cessation of activities and cease-fire along the common border. Occasion is the 35th anniversary of the establishment of diplomatic relations between the two countries and the traditional lunar new year. China's reaction, reflected by

the statement dated 9 January of the Chinese Foreign Ministry spokesman, had been negative. Adding to this are the shelling and troop incursions into Vi Xyuen District in the Vietnamese province of Ha Tuyen.

These are criminal acts--an evidence of the continuation of a hostile policy against Vietnam. We resolutely condemn the criminal and ruthless acts taken by China against the civilians of Ha Tuyen Province and demand China to stop forthwith these acts.

However, stemming from their goodwill for peace and their respect for the friendship between the two peoples in order to let the people in the border region celebrate their spring festival in peace, Vietnam still seriously abides by its proposal and wishes that China would do the same.

Again, we demand that the Chinese authorities stop immediately with their criminal acts along the Sino-Vietnamese border.

CSO: 4200/409

INTERNATIONAL RELATIONS, TRADE AND AID

BRIEFS

**YUGOSLAV FLOOD RELIEF**--Hanoi VNA 15 January--The Yugoslav Government has decided to send a quantity of relief goods worth dinar 5 million to the Vietnamese people in areas hit by storms and floods. [Text] [Hanoi VNA in English 1541 GMT 15 Jan 85 BK]

**GDR JOURNALISTS DELEGATION**--Hanoi VNA 16 January--A delegation of EINHEIT (UNITY), monthly review of the Socialist Unity Party of Germany, led by its deputy editor-in-chief, Georg Vohlorz, left here today, concluding its Vietnam visit from 8 January made at the invitation of the editorial board of the TAP CHI CONG SAN (COMMUNIST REVIEW). During its stay, the delegation paid tribute at the Ho Chi Minh Mausoleum and visited many cultural and economic establishments in various localities. It had working sessions with its host and discussed measures to strengthen the relations between the two sides. It was received here on 14 January by Hoang Tung, secretary of the Communist Party of Vietnam Central Committee. [Text] [Hanoi VNA in English 1534 GMT 16 Jan 85 OW]

**INDIAN BOOKS PRESENTED**--Hanoi VNA 17 January--Indian Ambassador to Vietnam Kuldip Shadap yesterday morning visited the Hanoi University and presented it with two books: "Mahatma Gandhi Complete Works" and "Jawaharlal Nehru Selected Works." Professor Nguyen Dinh Tu, minister of secondary vocational and high education, was present on the occasion. Professor Phan Huu Dat, acting director of the Hanoi University, thanked the Indian ambassador and expressed his wish for the strengthening of cooperative relations between the Hanoi University and Indian universities and colleges in the fields of training and scientific research. [Text] [Hanoi VNA in English 1517 GMT 17 Jan 85 OW]

**PROVINCE DOUBLES EXPORT VALUE**--Hanoi VNA 18 January--The southernmost province of Minh Hai in 1984 doubled its export value over 1983. Minh Hai's traditional export goods include duck, duck eggs and duck feathers. The province also exports soybeans, peanuts, fish bladders, sugar, coconut fibre bags and hats, and shark fins. It plans to double this year's export value over 1984. To this end, Minh Hai has marked off many more areas specializing in the production of farm produce for export. [Text] [Hanoi VNA in English 0718 GMT 18 Jan 85 OW]

**NHAN DAN CRITICIZES THAILAND'S UNFRIENDLINESS**--Hanoi VNA 18 January--The daily NHAN DAN today deplores the lack of good will on the part of the Thai

authorities who refuse to let Vietnamese residents go to the Vietnamese Embassy in Bangkok to celebrate the traditional lunar new year festival. This is all the more regrettable since the Vietnamese Embassy in Bangkok had made a formal request with the Thai Foreign Ministry. The paper says that it has been a long practice of Vietnamese residents to visit their embassy on the occasion of the lunar new year which, moreover, in no way contravenes Thai law. The Thai authorities' arbitrary act runs counter to the legitimate aspiration of Vietnamese residents and to the spirit of the Vietnam-Thailand joint statement of September 1978 concerning the Vietnamese residents in Thailand. It is also a new and very strong manifestation of Thailand's hostile attitude toward Vietnam, NHAN DAN says. "The Vietnamese residents," the paper notes, "have always respected Thai law and are interested in promoting their friendly relationship with the Thai people. For the sake of the friendship between the two nations, the Vietnamese people urge the Thai authorities to respond to the legitimate request of the Vietnamese residents," NHAN DAN adds. [Text] [Hanoi VNA in English 0720 GMT 18 Jan 85 OW]

PRC THREAT--Answering a question by a REUTER correspondent on 16 January, General Murdani, commander-in-chief of the Indonesian Army, said: Southeast Asia, including Vietnam, should further tighten solidarity to cope with the longer-term threat of China. He further said: China's neighboring countries, especially in Southeast Asia, must remain united if not materially, at least morally and ideologically, against the Chinese expansionist policy. What is obvious is that such solidarity must be strengthened before China becomes sufficiently strong to be a threat. He maintains a close relationship with Vietnam, asserts that Vietnam is not a threat to its neighboring countries in Southeast Asia. The threat actually comes from China. [Text] [Hanoi Domestic Service in Vietnamese 2300 GMT 16 Jan 85]

CSO: 4209/164

## PARTY ACTIVITIES AND GOVERNMENT

### NHAN DAN ON GRASSROOTS PARTY MILITANCY

BK161532 Hanoi Domestic Service in Vietnamese 2300 GMT 10 Jan 85

[NHAN DAN 11 January editorial: "Enhance the Militancy of Party Organizations at the Grassroots Level"]

[Text] Over the past 55 years, under the leadership of the CPV, our people, People's Armed Forces, and public security forces have undergone enormous sacrifices, endured tremendous hardships, and scored one great victory after another. In the process of that protracted and gallant struggle, educated and trained by esteemed President Ho Chi Minh, our party has always remained absolutely loyal to its fatherland, people, and proletarian internationalism, thus being worthy of the confidence and affection of its people, and friends, and comrades throughout the five continents.

One of the factors deciding the successes of our party and revolution is party development work and the enhancement of the militancy of grassroots party organizations, which have always been carried out in a satisfactory manner and with great attention. In the new revolutionary stage--faced with the heavy task of implementing the lines laid down by the fifth party congress--to enhance the militancy, initiative, creativity, and steadfastness of all party organizations at the grassroots level, especially party chapters, is the first and foremost responsibility of our entire party.

Grassroots party organizations are the foundation of the party and the leading nuclei for all aspects of activity among all production, work, and combat units. They are also what organizes the implementation of party lines and policies, educates and manages party members, and cements links between the party and people.

It is the stability of every grassroots unit that contributes to strengthening the party. By implementing the resolutions of the Fifth Party Congress, the campaign for the issuance of party membership cards, and other resolutions and directives of the party central committee on party development work, many party organizations at the grassroots level have been consolidated, the number of pure and strong grassroots party organizations and party chapters has increased each year, and progressive models have emerged in every locality along with many good experiences.



In these grassroots units, all tasks have been fulfilled; political, economic, and social life has undergone changes in an active and healthy way; the leading and exemplary role of party members has developed; and the people's confidence in the party has increased remarkably.

However, the movement to make grassroots party organizations pure and strong still has not developed evenly and steadily. The percentage of pure and strong grassroots party organizations and party chapters remains low. Effective and appropriate measures and concentrated efforts have not yet been exerted to consolidate weak grassroots party organizations which still exist in every locality. As a result, negative manifestations, internal disunity, and slackness in socioeconomic management are often observed in these units because they fail to perform their functions satisfactorily in terms of leadership and inspection.

In fact, our society is a distinguished and healthy one. However, manifestations of negativism are now occurring at an alarming rate in a number of localities. Meanwhile, grassroots party organizations, as well as administrative organs and mass organizations, in those localities are failing to take prompt action and appropriate measures against these manifestations.

Enhancing the militancy and leadership capability of grassroots party organizations is an urgent and foremost requirement. Our party is a militant one. Each grassroots party organization and each party member must be an assault unit and a combatant who fights selflessly to carry out triumphantly the party line and policy to build a new and healthy society and to oppose all negative phenomena. It is necessary to enhance the quality of party members; realistically consolidate grassroots party organizations; and make them pure, firm, and strong organizations. We must also pay special attention to providing party members and the people with political and ideological education, while disseminating the party line and policy among the masses. The principal of party activity must be observed strictly, without making an exception for any member.

We must pay attention to consolidating party chapters--improving their activities in accordance with the party's political position, leadership, and responsibility. We must not downgrade the activities of party chapters to those of a mass organization or a production establishment. We must not turn party chapters into forums for receiving complaints and solving mediocre conflicts. All phenomena in each unit must be brought to the attention of the party chapter to be assessed, discussed, and scrupulously resolved.

Each party member is duty-bound to contribute his constructive attitude, conduct criticism and self-criticism, and oppose indulgence and cover-ups of shortcomings. Party chapters must satisfactorily carry out the task of assigning work to party members and checking their performance. The task of managing party members in labor activities must be carried scrupulously. We must promptly stop violations of party discipline, loss of vigilance, debauchery, and degeneracy. Those who reject the education provided by party chapters, refuse to overcome their shortcomings, or are disqualified must be resolutely expelled from the party.



Perfecting party committee echelons, especially the capability and quality of the secretaries of party committees, is a very important condition for enhancing the militancy of party organizations. We must consolidate grassroots party organizations and strengthen the administration, economic apparatuses, and mass organizations; develop the people's combined strengths and the spirit of the people's right to collective mastery; and oppose all negative phenomena.

At production and business units, while exercising his authority, the head of a unit cannot place himself above the party organization. He must correctly and scrupulously carry out the duties of a party member, which are subject to the control of the party and the inspection of the people.

Commemorating the 55th founding anniversary of our party, let all of us enhance the militant capability of each party member and each grassroots party organization in order to strengthen the power of the party and enable it to fulfill its historic mission. Only by successfully establishing pure, firm and strong grassroots party organizations can we perform our nuclear role in leading the mass movement to build and defend the socialist fatherland and continue to maintain the glorious revolutionary tradition of our party.

CSO: 4209/164

## PARTY ACTIVITIES AND GOVERNMENT

### DO MUOI ATTENDS ENGINEERING, METALS CONFERENCE

BK160535 Hanoi Domestic Service in Vietnamese 0500 GMT 12 Jan 85

[Text] The engineering and metals sector recently held a conference to review achievements in 1984. Vice Chairman of the Council of Ministers Do Muoi attended and addressed the conference.

In 1984, the enterprises of the Ministry of Engineering and Metals fulfilled the annual state plan for product output, increasing the total volume of production by 10 percent as compared to 1983. Owing to several newly promulgated socioeconomic policies, last year many enterprises made marked progress and obtained initial practical results in their efforts to renovate their way of thinking and work methods and to diversify production. Various units constantly kept abreast of the demands of the market, especially the demands of the agricultural sector. In the past year, engineering products directly serving agriculture accounted for 40 percent of the total output value of the engineering and metals sector, up by 1.8 times that of 1983. These products consisted mainly of farm implements; spare parts for small diesel engines, two-wheel tractors, trucks, and water pumps; equipment for small hydroelectric power stations and district machine repair stations; and sugar and rubber processing equipment.

In his address, Comrade Do Muoi stressed efficiency in the production and supply of machines for each area, for the cultivation of each crop, and for each job. The engineering and metals sector should pay attention to the production of engineering products for export and the exploitation of small mines to increase raw materials for production in view of the fact that supplies, raw materials, and electricity will not be increased next year. The sector should concentrate on the key products and main enterprises to step up the production of main items. It must practice economic accounting on the basis of rigorously set technical, supply, labor, and capital norms. The basis party organizations must act as truly militant units to lead the enterprises in accordance with the resolutions of the Sixth and Seventh Party Central Committee Plenums. Importance must be attached to the three revolutions, of which the scientific and technological revolution is the linchpin. The intellect of the contingent of scientific and technical workers must be fully exploited, workers' skills improved, and the engineering and metals sector reorganized to suit its new tasks. The Engineering and Metals Ministry must make an effort to improve the management of the engineering and metals sector, carry out the division of managerial responsibilities among the localities, and guide the latter in reorganizing their production installations according to plan and improving product quality.

PARTY ACTIVITIES AND GOVERNMENT

PHAM VAN DONG MEETS WITH INTELLECTUALS, ARTISTS

BK151354 Hanoi Domestic Service in Vietnamese 2300 GMT 13 Jan 85

[Text] Welcoming the 1985 spring and the Year of the Ox Tet, on 12 January the CPV Central Committee, the National Assembly, the Council of State, the Council of Ministers, and the Hanoi municipal People's Committee held a cordial get-together at the presidential palace with notables, intellectuals, scientists [words indistinct].

Attending were Comrade Pham Van Dong, member of the party Central Committee Political Bureau and chairman of the Council of Ministers; Pham Hung, member of the party Central Committee Political Bureau, vice chairman of the Council of Ministers, and minister of interior; Vo Chi Cong, member of the party Central Committee Political Bureau and secretary of the party Central Committee, and head of the party Central Committee's Organization Department; Nguyen Co Thach, alternate member of the Political Bureau and minister of foreign affairs; Le Quang Dao and Hoang Tung, secretaries of the party Central Committee; Le Thanh Nghi, member of the party Central Committee and vice chairman of the Council of State; Xuan Thuy, vice chairman of the National Assembly; Vo Nguyen Giap, member of the party Central Committee and vice chairman of the Council of Ministers; Tran Quynh, member of the party Central Committee and vice chairman of the Council of Ministers; Le Van Luong, member of the party Central Committee and secretary of the Hanoi municipal Party Committee; Tran Vy, member of the party Central Committee and chairman of the Hanoi municipal People's Committee; and many other comrades of the party Central Committee [words indistinct] and of various organs at the central level and in Hanoi.

More than 400 representatives of notables, intellectuals, scientists, and artists attended this new spring welcoming function.

Chairman Pham Van Dong warmly praised the achievements scored last year by notables, intellectuals, scientists, writers, and artists, regarding these achievements as a great contribution to the cause of national construction and defense. The chairman pointed out major tasks and important anniversaries in 1985 and expressed hope that the notables, intellectuals, scientists, writers, and artists will develop their talents and wisdom, achieve close cooperation, carry out mutual assistance, [words indistinct] in order to achieve the present tasks and [words indistinct]. He hoped that all the

participants will enjoy good health in the new year, develop their lofty achievements, uphold their bravery and wisdom, and resolve to overcome all difficulties in scoring more new successes.

On behalf of the notables, intellectuals, scientists, writers, and artists, Prof Tran Dai Nghia expressed his gratitude for the solicitous care of the party and the state and pledged to devote more inventive and creative efforts to carrying out satisfactorily all assigned tasks so as to contribute to promoting the revolutionary cause of national construction and defense.

CS0: 4209/164

AGRICULTURE

BRIEFS

BEN TRE FOOD PRODUCTION--Food production in the Mekong River Delta provinces of Ben Tre last year increased by more than 100,000 tons, or 30 percent over 1983, thanks to wide application of advanced farming techniques in rice cultivation. About 23 front-rank agricultural cooperatives and more than 50 production collectives yielded from 8 to 12 tons of rice per hectare. The district of Trieu Thanh planted all its ricefields with high-yield rice strains. Last year, the province's high-yield rice area was extended to 30,000 hectares and food production per capita reached 380 kg, up by 80 kg over 1983. [Text] [Hanoi International Service in English 1000 GMT 13 Jan 85 BK]

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